

DAILY REPORT

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LI PENG ON SINO-U.S., SINO-SOVIET RELATIONS

HK280440 Beijing ZHONGGUO XINWEN SHE in Chinese 1128 GMT 27 Apr 86

["Li Peng on Sino-U.S., Sino-Soviet Relations" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 27 Apr (ZHONGGUO XINWEN SHE) -- Li Peng, vice premier of the State Council, recently talked about Sino-Soviet and Sino-U.S. relations, saying that there had recently been some development in Sino-Soviet relations, mainly in the spheres of economic, technological, and cultural exchanges and cooperation. The political differences between the two sides remain unsolved. On the basis of the five principles of Peaceful Coexistence, China and the Soviet Union can become friendly neighbors living in harmony with each other, but they will not become allies as they did in the 1950's.

Li Peng gave the above view on 16 April when he met a reporters group from the Strategic and International Problems Research Center of Georgetown University in the United States. Issue No 17 of LIAOWANG weekly to be published on 28 April will disclose what he said at that meeting.

Li Peng said that China is willing to normalize its state relations with the Soviet Union on the basis of the removal of the three major obstacles. We have noticed that on several important occasions, General Secretary Mikhail Gorbachev spoke about his desire to improve relations with China. We think that what is important is not words but deeds.

Li Peng pointed out that in order to normalize the relations between China and the Soviet Union, the three obstacles must be removed. The normalization of Sino-Soviet relations will not only benefit the two countries, but will also be conducive to world peace.

When Li Peng talked about Sino-U.S. relations to the U.S. reporters, he said that China would not establish "strategic relations" with the United States. He said that China is willing to carry out some technological exchanges and cooperation with the United States in the sphere of advanced weapons, but these exchanges will only play a limited role in China's defense modernization. China mainly relies on its own efforts in modernizing its defense.

He reiterated that strengthening China's defense does not constitute a threat to any country. China's defense modernization will only be conducive to safeguarding world peace.

FANG YI MEETS THERMOPHYSICS CONFERENCE MEMBERS

OW231904 Beijing XINHUA in English 1853 GMT 23 Apr 86

[Text] Beijing, April 23 (XINHUA) -- Chinese State Councilor Fang Yi met here today members of the program and organization committee of the first Asian Thermophysical Properties Conference. The conference held here from April 21 to 24 was attended by representatives from 18 countries, including Canada, China, Egypt, India, Japan, Pakistan, USSR, United Kingdom, USA and Yugoslavia.

WAN LI MEETS INTERNATIONAL TRADE UNIONISTS

OW261644 Beijing XINHUA in English 1431 GMT 26 Apr 86

[Text] Beijing, April 26 (XINHUA) -- Vice-Premier Wan Li met here today with trade union delegations from 10 countries in Asia, Africa, Latin America and Europe and a representative of the International Labor Organization. Wan welcomed the guests to join the Chinese workers for activities of the International Year of Peace.

Wan said that peace is the common desire of the people all over the world. The maintenance of world peace needs the concerted efforts of all the workers, peace-loving countries and peoples throughout the world.

Dusan Bogdanov Senko, member of the Presidium of the Confederation of the Trade Unions of Yugoslavia, on behalf of the guests present, said that it is very beneficial to the cause of world peace that the representatives of the trade unions from different countries gather together to discuss peace.

The guests have attended the forum on "Peace and Trade Unions" sponsored by the All-China Federation of Trade Unions, visited an exhibition of paintings, calligraphic works and photographs contributed by Chinese workers on the theme of peace. They also visited some factories and workers' families.

OLYMPIC PRESIDENT ARRIVES IN BEIJING 27 Apr

Greeted by Li Menghua

OW271344 Beijing XINHUA in English 1327 GMT 27 Apr 86

[Text] Beijing, April 27 (XINHUA) -- International Olympic Committee (IOC) President Juan Antonio Samaranch arrived here this evening for a three-day visit of China. Samaranch and his party were greeted at the airport by Li Menghua, minister of the Chinese State Physical Culture and Sports Commission and president of the Chinese Olympic Committee (COC), He Zhenliang, vice minister of the Sports Commission and member of the IOC executive board.

Samaranch said at the airport that he had brought with him the Olympic cup, which an IOC executive board session in Lausanne, Switzerland, decided to award to the Chinese Olympic Committee, for China's efforts in building sports facilities in Africa. Other decisions at the session included the awarding of a gold Olympic order to Chinese Vice Premier Wan Li and a silver Olympic order to Huang Zhong, vice president of the COC.

Samaranch said China is one of the important members of the Olympic family. Referring to China's contribution in promoting sports in Africa, the IOC president said, "On my visits to African countries, I saw many sports facilities built by China." During Samaranch's stay here, the Olympic cup, the gold and silver Olympic orders would be awarded to the COC and the Chinese officials. Accompanying the IOC president on the visit were Richard Pound, member of the IOC executive board, Walfher Troger, sports director of the IOC, and other IOC officials.

Meets Peng Zhen

OW280826 Beijing XINHUA in English 0759 GMT 28 Apr 86

[Text] Beijing, April 28 (XINHUA) -- Peng Zhen, chairman of the Standing Committee of the Chinese National People's Congress, said today that the development of the Olympic movement has played a positive role in safeguarding world peace. The Chinese leader made this statement when he met Juan Antonio Samaranch, president of the International Olympic Committee in the Great Hall of the People this morning. "It has not only pushed forward the development of sports in the different parts of the world, but also promoted friendship among the people and sportmen in general, but among the young people in particular," he said.

"You are an old friend of the Chinese sports people as well as the whole Chinese people," he said. "We appreciate your positive efforts in helping restore the legitimate seat of the Chinese People's Republic in the IOC."

"In realizing our modernization program," Peng Zhen noted, "It is essential to improve the physique of the people and therefore to develop sports on a wide scale throughout the country." He said that the fast development and improvement of the sports in China in recent years was inseparable from the support and help of the IOC.

Samaranch said that China enjoys a significant status in the international sports organizations. He said that China has made surprisingly big headway in the field of sports during the past few years, and Chinese athletes created a great furor at the Los Angeles Olympic Games which the Chinese people have taken great pride in. The IOC president said that he was also very pleased with the China's success in Los Angeles and felt it a great honour to present the first 1984 Olympic gold medal to the Chinese athlete. He said he had accepted the invitation to visit China again next year and to attend the Sixth Chinese National Games in Guangzhou.

PRC REPRESENTATIVE ADDRESSES UNICEF MEETING

OW261024 Beijing XINHUA in English 0839 GMT 26 Apr 86

[Text] United Nations, April 25 (XINHUA) -- The executive board of the United Nations Children's Fund (UNICEF) concluded its annual meeting here this evening, calling on all countries, relevant international agencies and non-governmental organizations to give moral and material support to children in especially difficult circumstances. A document, unanimously adopted at today's meeting, said that UNICEF should expand the scope and range of its cooperation in programs benefiting children in especially difficult circumstances. The programs for such children, it added, "form an appropriate part of UNICEF strategy for child survival and development." The document also called for the early adoption of a convention on the rights of children.

During the meeting, U.N. Secretary-General Javier Perez de Cuellar and representatives from China and other dozens of countries and international organizations spoke highly of UNICEF's achievements in the past 40 years. The working of UNICEF, Perez de Cuellar said, "Constitutes a record of achievement and aspiration for building a better future for humanity." In collaboration with other organizations, "Considerable progress has been made and the lives of hundreds of thousands of children saved," he added. While calling for a strengthened commitment to the needs of children and achieving universal immunization by 1990 in particular, the U.N. chief stressed that all efforts must be exerted to meet the goal of reducing infant mortality.

Chinese representative Wang Shuxian reaffirmed China's stand in supporting the universal immunization project for the world's children. "For this purpose, our Ministry of Public Health has mapped out a working program for nationwide planned immunization in order to develop the work step by step," she added. She noted that peace and development are the common aspiration and strong desire of peoples everywhere. "We believe that world peace is indispensable to the economic development of various countries and, in particular, to the betterment of children's lot throughout the world. In order to ensure that children the world over can live a happy life and grow up healthily, the Chinese people are willing, together with the peoples in other parts of the world, to exert common efforts for the defense of lasting world peace and economic prosperity for all," the Chinese representative stated.

'POLITICAL SIGNIFICANCE' OF REAGAN BALI VISIT

OW251858 Beijing XINHUA in English 1835 GMT 25 Apr 86

["News Analysis: Reagan's Visit and U.S.-ASEAN Relations by Li Yongmin" -- XINHUA headline]

[Text] Singapore, April 25 (XINHUA) -- On his way to the Tokyo Summit of the seven major industrialized countries, U.S. President Ronald Reagan will visit the Indonesian island of Bali from April 29 to May 2 to demonstrate the importance the United States attaches to its relations with countries of the Pacific region, particularly members of the Association of South East Asian Nations (ASEAN). During his visit, President Reagan will meet with Indonesian President Suharto and discuss with foreign ministers of the six ASEAN member countries political and economic issues between the United States and the ASEAN.

In recent years, especially since the Vietnamese invasion of Kampuchea in 1978, relations between the United States and the ASEAN have strengthened considerably. The United States regards the ASEAN as critical to its policy towards Southeastern Asia and has been trying to improve and consolidate its ties with it by supporting the ASEAN position on the Kampuchean issue and by expanding political, economic and diplomatic relations with its member countries.

On the other hand, the ASEAN countries, facing increasing threats from Vietnam and the Soviet Union, which has established a military base on Vietnam's Cam Ranh Bay, have felt the need to improve relations with the United States to maintain a military balance in Southeast Asia. Singaporean Premier Lee Kuan Yew said in a recent statement that "ASEAN needs the United States to balance the number of war planes and ships in this region."

It is expected that the Kampuchean issue will be a major topic of discussion during Reagan's conference with the ASEAN foreign ministers. Economic relations between the ASEAN and the United States are also expected to figure prominently at the conference.

The ASEAN had enjoyed close economic relations with the United States in the past decade. It is the fifth largest trade partner of the United States, with a trade volume in 1985 of 23.5 billion U.S. dollars, a remarkable increase from 0.9 billion dollars in 1967 when the ASEAN was set up. U.S. investment in the ASEAN countries has hit 10 billion U.S. dollars. However, due to the rampant trade protectionism in the United States, the ASEAN exports to the United States have been impeded. In 1985, the ASEAN exports to the United States decreased by 7 percent and U.S. exports to the ASEAN countries reduced by 16 percent. The slowdown of the economy in the United States, ASEAN's largest overseas market, has also hurt the economic growth of the ASEAN countries. So, the ASEAN foreign ministers will urge President Reagan to take greater efforts to sustain free trade and further open U.S. markets to the ASEAN countries.

The Bali conference will also provide the ASEAN countries with an opportunity to voice their position on the world economy and international trade. A group set up by the standing committee of the ASEAN has completed a draft suggestion asking industrialized countries to give better trade terms to the ASEAN and to abolish protectionist measures. Officials of the ASEAN countries believe that Reagan's visit will be of considerable political significance and will also benefit the United States.

REAGAN TO TRY 'PEDDLING U.S. POLITICS' AT SUMMIT

OW261716 Beijing XINHUA in English 1652 GMT 26 Apr 86

["News Analysis: What's in Reagan's Portfolio at the Tokyo Economic Summit? (by Liu Zhiguang)" -- XINHUA headline]

[Text] Washington, April 25 (XINHUA) -- U.S. President Ronald Reagan departed today on a 22,000-mile Far Eastern trip which will climax in Tokyo with an economic summit of seven major western industrialized countries. According to senior U.S. officials, there are four main topics on the American agenda for the summit with leaders of Japan, Federal Germany, Italy, Britain, France, Canada, and the European Community. They are: strengthening the performance of the seven nations' economies, improving growth in developing countries and addressing the debt problems of some of these countries, strengthening the world trade system, and cooperating on international economic and monetary issues.

The framework of the U.S. position on the four issues was outlined by Reagan in his speech to the U.S. Chamber of Commerce just two days before his departure for the summit. In that speech, Reagan said his economic policies had powered the United States to 40 straight months of growth. "Now we urge others to join us in tackling those domestic policies and structural problems that inhibit growth and serve only as roadblocks to progress," he said. His remarks indicated that he will continue to press U.S. allies -- Federal Germany and Japan in particular -- to take actions to stimulate their economic growth.

On the question of improving growth in developing countries and the debt problem, Reagan said, "Our policies toward the Third World should be aimed at establishing partners in trade, not recipients in aid. Our approach should be to keep open our markets, not to empty our treasury." Reagan lauded the six-month-old "debt initiative" of U.S. Treasury Secretary James Baker. However, many developing countries consider Baker's aid program of 29 billion dollars as inadequate to solve their debt problem.

Reagan asserted that the United States is ready and willing to work with its partners to "maximize the benefits of a worldwide open trading system." The United States has been pushing hard to include both trade and services in the new round of multilateral trade negotiations to the objections of several Third World countries. Referring to the U.S. trade deficit which reached a record 148.5 billion dollars last year, Reagan said the U.S. trade imbalance should be solved through multilateral negotiations that open markets, not unilateral legislation that closes them. "Now is not the time to surrender to trade-killing protectionism," he said, adding that the United States is moving forward aggressively and vigorously to keep the markets of the world open to American goods and to see to it that American interests are treated fairly. This statement forebodes intensification of the U.S. trade conflict with Japan and Western Europe.

The United States has recently pressed its allies for joint efforts to promote economic development, but the allies have defied the U.S. pressure. Yesterday, the Federal German Central Bank decided not to lower its discount rate from the current 3.5 percent. The Japanese Finance Ministry has also announced that Japan isn't planning to take any more steps, such as tax cuts and increased public spending, to stimulate its economy.

Although the Tokyo Summit will be primarily devoted to talks on important economic issues, political issues are also expected to be high on the agenda.

Reagan said he will discuss in Tokyo arms reductions and other initiatives connected with his Geneva meetings with Soviet leader Mikhail Gorbachev last November. According to press reports, Reagan and other leaders are also expected to exchange views on upcoming Western-Soviet meetings. Aside from a likely U.S.-Soviet summit later this year, French President Francois Mitterand and Italian Prime Minister Benitto Craxi are scheduled to meet Gorbachev.

Reagan is also expected to vehemently denounce terrorism at the Tokyo Summit. As Reagan has repeatedly called for collective and forceful Western actions against terrorism, he will certainly raise the issue again at the summit, observers said. But, the extent to which he will succeed in peddling U.S. politics and policies in his portfolio in his longest trip since becoming President in 1980 remains to be seen.

REAGAN TO RAISE CAMBODIAN ISSUE ON ASIAN TOUR

OW270254 Beijing XINHUA in English 0233 GMT 27 Apr 86

[Text] Washington, April 26 (XINHUA) -- U.S. President Ronald Reagan said today that he would raise the subject of Vietnam's occupation of Kampuchea when he meets the foreign ministers of the Association of Southeast Asian Nations (ASEAN) in Bali, Indonesia next week. The President made the remarks in his weekly radio address from Los Angeles as he is leaving on a trip to Bali and Tokyo, where he will attend the seven-nation economic summit from May 4 to 6.

"Vietnam should withdraw its forces from Cambodia (Kampuchea) and permit the Cambodian people to determine their own destiny," Reagan stressed. "Vietnam has spurned any and all reasonable ASEAN requests for a negotiated settlement of the problem, to the detriment of their own national interests." Reagan said that his country "has made it clear that it is ready to participate constructively in an overall settlement" of the Kampuchea issue.

In Bali, President Reagan will meet with Indonesian President Suharto and the foreign ministers of ASEAN, which groups Thailand, Indonesia, Malaysia, Brunei, Singapore and the Philippines. The ministers will undoubtedly press Reagan on U.S. protection against rice imports from the region during their meeting with the U.S. President, a local report predicted. Meanwhile, during a telephone conversation with Philippine President Corazon Aquino Friday, Reagan extended an invitation to her to visit the United States. According U.S. press reports from Manila, President Aquino has accepted the invitation and the two leaders also discussed a 150 million dollar U.S. emergency aid to the Philippines.

REAGAN PHONES AQUINO TO DISCUSS AID PACKAGE

OW251242 Beijing XINHUA in English 1239 GMT 25 Apr 86

[Text] Washington, April 24 (XINHUA) -- U.S. President Ronald Reagan today discussed by telephone with Philippine President Corazon Aquino a 150-million-dollar U.S. emergency aid plan for the Philippines, the White House announced. This is the first time Reagan has telephoned Aquino since she took office in February. The Philippine aid package, including 100 million dollars in economic aid and 50 million in military assistance, will be submitted to Congress for approval this week, the U.S. officials disclosed yesterday.

Reagan, accompanied by his wife Nancy, is scheduled to leave Friday on a trip to Bali, Indonesia, where he will meet on May first with foreign ministers of the Association of South East Asia Nations (ASEAN), including Philippine Vice President Salvador Laurel.

YANG DEZHI DISCUSSES U.S. TOUR, DEFENSE, ECONOMICS

HK280506 Beijing CHINA DAILY in English 28 Apr 86 p 1

[By staff reporter Liu Dizhong]

[Text] National Defence is an integral part of China's modernization programme and should keep pace with the modernization of industry, agriculture and science and technology, Yang Dezhi, chief of General Staff, said yesterday.

Strong national defence, Yang said, was indispensable to the nation's territorial integrity. It would ensure a prolonged period of peace in which to carry out the nation's Seventh Five-Year Plan. The modernization of national defence depended on the development of the nation's economy. "Without modern industry, agriculture, science and technology, there is no modernization for the Armed Forces," Yang told CHINA DAILY in an exclusive interview on the eve of his visit to the United States. Therefore, he said, priority must be given to the economic development of the country by coordinating development of industry, agriculture, science and technology and national defence.

Yang said the decision by the Central Military Committee to cut 1 million PLA troops was based on an analysis of the current international situation. It also showed that China has been a supporter of disarmament and a country which really wanted disarmament. The demobilization of the army could also help the PLA train more young and competent officers and divert money to speed up the research and production of new weaponry to narrow the gap between China and some developed countries, Yang said. Despite the existing gap, Yang said the PLA had its own strong points. "It is wrong to think that we are backward in all sectors," he said.

"China was striving for a longterm peaceful environment for its economic construction," he said. "If a war was forced on us, China would win the final victory with its existing armed forces supported by the people and the world's peaceloving people," the chief of the general staff declared.

"The demobilization," Yang said, "should be geared not only to the ongoing modernization drive but also to the world situation and to the possibility of any conflict in the next century. The streamlining had won the support of both the army and the whole nation and could be completed on schedule," he said. Meanwhile, efforts should be made to strengthen the army's reserve services and militia training so that forces could be quickly mobilized in the event of war.

Yang said that China would still wage a people's war to combat any possible aggression against the country. The theory of the people's war was not out-of-date and remained the previous heritage of the party and army. People's war was a strategy used during the revolutionary wars to defeat a better armed force by relying on the people's resources and dedication. It was through people's war that the Chinese Communist Party won the war against Japanese aggression and victory over Chiang Kai-shek. "We should further our studies of the strategy and tactics of people's war under new historical conditions," Yang said. "Efforts would be made to improve the general public's understanding of national defence, particularly among youngsters."

Spurred by the nation's open policy, Yang said, "Exchange visits and military technology exchanges between the PLA and foreign armies had increased over the last few years."

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UNITED STATES

Of his tour of the United States, which starts this week, Yang said it was a return visit after General John Vessey, former chairman of the U.S. Joint Chiefs of Staff, and General William J Crowe, now the chairman, who visited China in January last year. Their visits to China helped promote mutual understanding and exchanges between the two armies, Yang said. "My visit to the United States aims to seek new friendship. It is not directed against a third country." Yang said he would exchange views with U.S. Army leaders on issues of common concern, in addition to visiting army bases and some military installations.

Relations between the two countries and armies have developed since the Shanghai Communiqué was issued in 1972, particularly the establishment of diplomatic relations in 1979. Exchanges of military technical personnel have also increased since the defence leaders started visiting each others' defence establishments and armed forces. "This, Yang said, was not only in keeping with the interests of the two nations but also conducive to world peace. Sino-U.S. relations would continue to develop in all fields as long as the two countries kept to the principles of the several joint communiqués. There were also broad prospects for further friendly exchanges between the two armies.

FANG YI ENTERTAINS U. OF CALIFORNIA PROFESSOR

OW251614 Beijing XINHUA in English 1443 GMT 25 Apr 86

[Text] Beijing, April 25 (XINHUA) -- Chinese State Councilor Fang Yi met and gave a dinner for professor of the University of California Choh-hao Li and his wife here today.

ELECTRONICS INDUSTRY MINISTER LEAVES FOR U.S.

OW261148 Beijing XINHUA in English 1136 GMT 26 Apr 86

[Text] Beijing, April 26 (XINHUA) -- Chinese Minister of Electronics Industry Li Tieying left here today to visit the United States at the invitation of the Secretary of Commerce M. Baldrige and the American Electronics Association. During his stay in the U.S., the Chinese minister will visit electronics industrial enterprises, and explore into more channels of bilateral economic, technical cooperation and trade in this field.

PRC TO TRY TO PERSUADE DPRK TO SEOUL ASIAN GAMES

HK280836 Hong Kong HONG KONG STANDARD in English 28 Apr 86 p 8

[By Yau Shing-mu]

[Text] China is trying to persuade neighbouring ally North Korea to take part in this autumn's Asian Games in Seoul. Reliable sources in Beijing told THE STANDARD that a team of Chinese officials left secretly for Pyongyang last week to discuss the matter.

China will be sending an athletic team to Seoul but its decision has not been announced, pending the outcome of these talks. China does not want to offend its ally by making its decision public before talking things over with the chairman of North Korea, Mr Kim Il-song.

Mr Kim does not want to have direct contacts, even among the people, with South Korea before the U.S. withdraws its hand from Korean affairs. North Korea has stopped ongoing talks with South Korea when the U.S.-South Korean military training exercise were conducted early this spring.

Although China and South Korea have no diplomatic ties, both have been increasing indirect trade and cultural exchanges over the years. Korean businessmen have estimated trade between Beijing and Seoul -- much of it through Hong Kong and Japan -- at more than U.S. \$100 million. China also sent a delegation to the International Monetary Fund World Bank meeting in Seoul last October. In 1983, the former head of the Civil Aviation Administration of China, Mr Shen Tu, went to the South Korean capital to negotiate the return of a hijacked plane. South Korean athletes have also competed in China. And On April 17, China announced plans to host the Asian games in 1990. It is understood that China does not want to see a South Korean boycott, which might be the case if China did not show up in Seoul this year.

The Seoul Games will take place from September 20 to October 2. Chinese victories there would be a big boost to China's pride and international standing. Moreover, it will prepare the Chinese team for the 1988 Olympics, also to be hosted by Seoul. Neither China nor South Korea would like to see the stature of the games diminished by either country's absence, the two being athletic giants in Asia.

In the last games at New Delhi, China won the most gold medals, 61, followed by Japan's 57, and South Korea's 28. The Asian Games is the world's second biggest sports festival next to the Olympics. The last event took place in 1982 in the Indian capital where 4,000 athletes and officials from 33 Asian Countries took part.

SOUTH KOREAN 'WARSHIPS' SINK DPRK 'FISHING BOAT'

OW250926 Beijing XINHUA in English 0906 GMT 25 Apr 86

[Text] Pyongyang, April 25 (XINHUA) -- South Korean warships shelled a fishing boat of the Democratic People's Republic of Korea (DPRK) at 4 p.m. Tuesday, killing a fisherman and sinking the boat, the local press reported today. The boat, "Trawler No 1390," belonging to the Kosong Fishery Station of Kangwon Province, was sunk in the open sea of Kosong when it was returning home from fishing. The report alleged that the South Korean warships shelled and sank the boat when they failed to kidnap it.

Yi Tae-ho, senior member of the Korean-Chinese side of the Korean Military Armistice Commission, sent a protesting message to the United States side yesterday over the South Korean Navy's act of "piracy." It is a crude violation of the international law, the message said. The press report didn't mention how many others were on board the trawler or if they were injured.

SEOUL-U.S. MANEUVERS CREATE TENSION

OW250840 Beijing XINHUA in English 0829 GMT 25 Apr 86

["News Analysis: Seoul Poisons Dialogue With War Games" -- XINHUA headline]

[Text] Pyongyang, April 25 (XINHUA) -- In the wake of the large-scale U.S.-South Korea joint military exercise, "Team Spirit-86," a chain of military exercises, or war games have been launched lately in South Korea, unfavourably affecting the North-South dialogue and the relaxation of tension on the peninsula. According to reports from Seoul, following the end of the "Team Spirit-86," which started on February 10 and lasted for two months, additional military maneuvers were conducted from April 14 through 17. Again on Monday, another military exercise was launched -- "coordination drills." It mobilized not only military forces, but also office workers and ordinary residents.

The Seoul authorities have announced that there would be a "civilian defense exercise" in 25 cities throughout South Korea next month with warplanes and armoured cars participating. These frequently held military exercises have put the North on alert and have aroused concern that the reopening of the North-South dialogue and the process of detente on the peninsula would be negatively affected. The North side pointed out that such actions by Seoul under the pretext of the North's "aggression against the South," are aimed at increasing military power in preparation for starting a war.

Delegations from the North to the North-South dialogue criticized Seoul authorities in a statement Thursday saying that the military buildup showed that the South side didn't care about the dialogue and was toying with it. The dialogue had been interrupted in 1984 and 1985 by the annual U.S.-South Korea joint military exercises. However, observers here said that this year's dialogue could only be resumed in a favorable atmosphere which would hardly be brought about with intensified war games.

BEIJING MILITARY REGION CELEBRATES DPRK ARMY DAY

HK250129 Beijing RENMIN RIBAO in Chinese 23 Apr 86 p 4

[Report by Luo Tongsong and Lan Zhongyu: "A Certain PLA Unit of the Beijing Military Region Holds Gathering To Mark Korean People's Army Day"]

[Text] On 22 April, a certain PLA unit attached to the Beijing military region held a gathering to celebrate the 54th anniversary of Korean People's Army Day.

Yan Tongmao, deputy commander of the Beijing military region; Sin In-ha, DPRK ambassador to China and others attended the gathering. Zhao Bingpu, political commissar of this PLA unit attached to the Beijing military region, said in his speech at the gathering: For a long time, both the peoples and the armies of the two countries have been supporting each other and studying with each other. We must always cherish our profound militant friendship cemented with blood. At the gathering, Chong To-chol, military attache of the DPRK Embassy in China, introduced the Korean People's Army's history of growth and struggle and praised the fraternal friendship between the peoples and Armies of Korea and China. After the gathering, the comrades-in-arms of Korea and China together watched "Steel Wings," a Korean feature movie. Also, the Korean comrades visited the exhibition hall of this PLA unit and watched the unit's shooting show.

CRITICISM OF JAPANESE COURT'S DECISION ON HOSTEL

HK251048 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 16, 20 Apr 86 pp 28-29

[Report by LIAOWANG contributing correspondent Zhang Kexi: "The Court Decision on the 'Kuang-hua Hostel' Case Impairs Sino-Japanese Friendship"]

[Text] Special dispatch from Tokyo -- After the District Court of Kyoto, Japan, made its unreasonable decision on turning over to the Taiwan authorities the ownership of the Kuang-hua Hostel which is the state property of China, the Union of Chinese Students in Japan lodged an appeal with the Osaka Higher Court on 18 February. The Chinese Government authorities concerned also conducted negotiations through diplomatic channels with the Japanese side over this problem, a political problem of creating "two Chinas." The Overseas Chinese in Japan and Japanese friendly people and amity groups are closely watching the development of the case. They hope that the Japanese judicial authorities concerned will observe the principles specified in the Sino-Japanese Joint Declaration and the Sino-Japanese Treaty of Peace and Friendship and defend the friendly relations between China and Japan by fairly and properly handling this case.

Located at Kita Shirakawanishi-cho, Sakyo-ku, Kyoto-shi, the Kuang-hua Hostel has all along been used as a dormitory for Chinese students. It is a reinforced concrete cement building with five stories and a basement, and has a floor space of about 1,000 square meters. Completed in 1931, it was owned by the Lo-tung Apartment Company. In April 1945, the Japanese Government commissioned Kyoto University to rent the Kuang-hua Hostel for use as a dormitory for Chinese students, in order to conduct so-called "intensive education" for the Chinese students. In October 1945, the Chinese students, having been deprived of their source of income, formed a union and took over management of the building, which they have maintained ever since.

In 1950, the Taiwan authorities, "delegation in Japan" purchased the property with the Chinese people's money; that is, money obtained by selling the supplies and materials which the Japanese Army had plundered from China. The property was registered with the Japanese Government in 1961, under the ownership of the so-called "Republic of China." In August 1967, the Taiwan authorities, with their ambassador to Japan Chen Chih-mai as the plaintiff, appealed to the Kyoto District Court to demand possession of the house and eviction of the eight persons, including Yu Ping-huan, who were then living at the Kuang-hua Hostel. After the normalization of diplomatic relations between China and Japan, in 1977 the Kyoto District Court rejected the appeal and decided that the ownership of the Kuang-hua Hostel and the right to manage the property belonged to the PRC. Refusing to accept the court decision, the Taiwan authorities, in the name of the "Republic of China," filed an appeal with the Osaka Higher Court. In April 1982, the Osaka Higher Court had the impudence to overrule the decision made after the first trial and ordered the Kyoto District Court to reexamine the case. On 4 February this year, the Kyoto District Court went so far as to reverse its own decision. In its written judgment, it nonsensically said that "the government of the Republic of China as a matter of fact is exclusively and continuously administering and ruling Taiwan; the 'Kuang-hua Hostel is not diplomatic property;" and the PRC Government is "not entitled to total succession." Therefore, it decided to turn the Kuang-hua Hostel over to the Taiwan authorities.

This unreasonable decision is an overt political attempt to create "two Chinas." It is incompatible with the common wish of the Chinese and Japanese people and is intolerable, especially at a time when the friendly relations of the two countries have developed quickly over the past decade or so since the establishment of diplomatic relations between China and Japan.

The decision made by the Kyoto District Court is untenable politically and juristically. It has aroused the strong opposition of the Overseas Chinese in Japan and the close concern of Japanese friendly people and amity groups. The Overseas Chinese associations in Kyoto, Osaka, Kobe, Tokyo, and Yokohama have made protests in utter indignation, and the Chinese newspapers there have carried articles condemning the court decision. They point out: The Kuang-hua Hostel is the state property of China and not private property. This is beyond any doubt. When Sino-Japanese diplomatic relations were normalized, the Japanese Government recognized, in explicit terms in the Sino-Japanese Joint Declaration, the PRC Government as the sole legitimate Chinese government. The Kuang-hua Hostel should therefore belong to the PRC Government. It is also specified in explicit terms in the Sino-Japanese Treaty of Peace and Friendship that the various principles in the Sino-Japanese Joint Declaration should be strictly observed. The acceptance and hearing of the appeal filed by the so-called "Republic of China" are actually in violation of the principles laid down in the Sino-Japanese Joint Declaration and the Sino-Japanese Treaty of Peace and Friendship and are an attempt to create "one country with two governments," that is, "two Chinas."

The Sino-Japanese Treaty of Peace and Friendship is a major treaty between China and Japan. It was ratified by the Diet on the Japanese side and has legal effect. This is laid down in Article 98 of the Constitution of Japan: "The treaties signed by Japan and the established international laws must be observed honestly." Undoubtedly, the Japanese judicial organs should strictly observe and in no way violate the Sino-Japanese Joint Declaration and the Sino-Japanese Treaty of Peace and Friendship. As far as international relations are concerned, it is extremely abnormal for the judicial organ of a country to take a stand completely different from that taken by the administrative and legislative organs of the same country. Mr Hiroshi Kashiwagi, chairman of the Japanese-Chinese Association for the Exchange of Jurists, said: "Juristically, Japan has negated the existence of the government of the Republic of China. It is illogical for a nonexistent government to own property in Japan."

Chen Kun-wang, chairman of the Tokyo General Association of Overseas Chinese, pointed out: The decision made by the Kyoto District Court runs counter to the Sino-Japanese Joint Declaration and is an attempt to create "two Chinas." According to the norms of international laws, following the normalization of Sino-Japanese diplomatic relations, all public property, including the Kuang-hua Hostel, of the Taiwan authorities, in Japan should be owned by the PRC. The decision of the Japanese judicial authorities concerned on turning the property over to the Taiwan authorities is an overt interference in China's internal affairs. We must firmly oppose it. The Overseas Chinese in Japan will fight for victory together with the vast number of Japanese people wishing for eternal Sino-Japanese friendship.

JAPANESE STEEL EXPORTS TO PRC, U.S. DECREASE

OW260918 Beijing XINHUA in English 0754 GMT 26 Apr 86

[Text] Tokyo, April 26 (XINHUA) -- The Japanese iron and steel export decreased by 3.2 percent to 32,080,000 tons in the fiscal year of 1985 compared with the preceding year, a Japanese newspaper reported today. The report was based on a statement of the Japan Iron and Steel Federation released yesterday, which showed steel exports to China and the U.S., its two main markets, have decreased sharply since last July. In March 1986, the report instanced, export to China decreased to 540,000 tons, or a 42.6 percent drop as compared with the corresponding period of last year, while export to the U.S. decreased by 41.4 percent to 390,000 tons. The yen's appreciation since last September resulted in a worsening situation of the iron and steel exports, it added.

CHEN MUHUA TO LEAD DELEGATION TO ADB MEETING

OW241039 Beijing XINHUA in English 1031 GMT 24 Apr 86

[Text] Beijing, April 24 (XINHUA) -- China is sending its first delegation to the Asian Development Bank Board of Governors' annual meeting in Manila next week, State Councillor Chen Muhua said here today. Chen, governor of the People's Bank of China, said the delegation hoped to be able to contribute to economic, financial and social development in the asia-pacific region. China was officially admitted to the Asian Development Bank (ADB), the Manila-based Asian financial organization, on March 10.

Chen, who is also the Chinese governor of the ADB, will head the delegation to the three-day meeting whcih begins next Wednesday. She told XINHUA that China was keen to participate in ADB activities under the principle of "equality and mutual benefit", and would abide by ADB rules and regulations, fulfil its obligations and enjoy its appropriate rights; China was willing to work with other ADB members for the prosperity and development of the ADB and the economic development of the region.

She said she expected to exchange views during the meeting with ADB President Mauao Fujiopa and other bank governors and discuss bilateral relations with finance ministers of several countries. ADB now has 47 members, and its business area is inhabited by half the world's population.

HONG KONG BECOMES CONTRACTING PARTY TO GATT

OW241300 Beijing XINHUA in English 1252 GMT 24 Apr 86

[Text] Geneva, April 24 (XINHUA) -- Hong Kong has become the 91st contracting party to the General Agreement of Tariffs and Trade (GATT) with effect from April 23, announced the GATT Secretariat in a communique here today. The communique said that Hong Kong's status as a contracting party was confirmed in accordance with a statement submitted by the British Government to the GATT Secretariat yesterday. The statement said that the British Government agrees that Hong Kong becomes a GATT contracting party in accordance with the relevant provisions of the general agreement and "the wishes of Hong Kong."

Hong Kong was represented in the GATT by Britain since the GATT was established in 1948 to achieve a substantial reduction of tariffs and other barriers of trade.

China said in a statement yesterday that under the Sino-British Joint Declaration on the question of Hong Kong signed on December 19, 1984, China will resume the exercise of sovereignty over Hong Kong with effect from July 1, 1997, and Hong Kong will become a special administrative region of the People's Republic of China from that day. The Hong Kong special administrative region will retain the status of a free port and separate customs territory and may participate in relevant international organizations and international trade agreements such as the GATT in the name of "Hong Kong, China", the statement noted. It stated that the special administrative region may continue its status as a contracting party to the GATT using the name of "Hong Kong, China", with effect from July 1, 1997. The statement was submitted to the GATT Secretariat yesterday by Qian Jiadong, Chinese permanent representative to the U.N. office here.

CGDK OFFICIAL URGES VIETNAM TO NEGOTIATE

OW242224 Beijing XINHUA in English 1623 GMT 24 Apr 86

[Text] Bangkok, April 24 (XINHUA) -- Kampuchean resistance leader Khieu Samphan said here today that "the only way which could lead to a political settlement to the problem of Kampuchea is that the warring parties agree to negotiate with each other." Khieu Samphan, vice president of the Coalition Government of Democratic Kampuchea (CGDK), made the statement at a press conference which was also attended by Boun Say and Prince Norodom Chakkrapong of the Son Sann and Sihanouk Parties. "While proclaiming incessantly its intention of seeking a political solution, Vietnam refuses flatly to negotiate with the CGDK," he said. Khieu Samphan described the eight-point proposal put forward by the CGDK as "comprehensive and quite reasonable," adding that it is a very generous offer to Vietnam.

The resistance leader announced that his government does not "demand that Vietnam withdraw all its forces of aggression at once." "We allow Vietnam to withdraw in two phases, in a specific frame of time, although we know very well from experience that Vietnam could also in the meantime prepare other things," he said. He further stated that after the withdrawal of all the Vietnamese forces, the CGDK is ready to sign with Vietnam a pact of non-aggression, peace and multiform cooperation for many generations to come. The vice president reaffirmed that the CGDK allow the Heng Samrin group to form a "quadripartite coalition government" with the CGDK and "to participate in the general elections. [quotation marks as received] He declared that CGDK's peace proposal "is for the sake of peace in Kampuchea, in Vietnam, in Southeast Asia and the Pacific, of genuine national reconciliation among all Kampuchean, and of a genuine reconciliation between Kampuchea and Vietnam."

He charged Vietnam for resorting to all pretexts "to evade a reasonable and equitable political solution to the problem of Kampuchea." He also pointed out that the Soviet Union is behind Vietnam in the aggression against Kampuchea because it has its own strategic needs in the region. However, the vice president said that he is sure of a victory in the war against the Vietnamese if the Kampuchean persist in their struggle.

Asked about how the factions of the resistance forces are getting along, Khieu Samphan said that they are cooperating both in the military and diplomatic fields. "We have no other alternative but to unite in the struggle," he said. Khieu Samphan said that the CGDK is not only making efforts to strengthen the unity among the three parties but also with the soldiers of the Heng Samrin regime. The Phnom Penh forces are "cooperating with us because every Kampuchean except the Heng Samrin group is against the Vietnamese invaders," he said.

The three resistance leaders disclosed that their forces have gone deep inside Kampuchea during the current dry season. Chakkrapong said that the Sihanoukian Nationalist Army (ANS) has sent more and more troops inside Kampuchea. "More than 7,000 ANS soldiers are fighting in the interior," he added.

WU XUEQIAN AT TANZANIAN ENVOY'S BANQUET

OW251152 Beijing XINHUA in English 1140 GMT 25 Apr 86

[Text] Beijing, April 25 (XINHUA) -- Tanzanian Ambassador to China Clement George Kahama gave a banquet here this evening to mark the national day of the United Republic of Tanzania. Chinese state Councillor and Foreign Minister Wu Xueqian and Director-General of the XINHUA News Agency Mu Qing were among those present at the banquet.

PRC-ALGERIAN COOPERATION COMMISSION MEETS

Zheng Tuobin Speaks

OW260828 Beijing XINHUA in English 0757 GMT 26 Apr 86

[Text] Beijing, April 26 (XINHUA) -- The second session of the Sino-Algerian mixed Commission for Economic, Commercial, Scientific and Technical Cooperation opened here today. The meeting was jointly presided over by Zheng Tuobin, chairman of the Chinese side of the commission and minister of foreign economic relations and trade, and Zitouni Messaoudi, chairman of the Algerian side of the commission and minister of light industry.

In his speech, Minister Zheng said that since the establishment of diplomatic relations between China and Algeria in 1958, bilateral cooperation in the fields of politics, economy, trade, technology, culture, and health have achieved remarkable results. Both sides had made an extensive exploration of channels of cooperation since the first meeting of the commission in March 1985, he added. The Chinese minister pointed out that the continued development of friendship and cooperation between the two countries is China's unswerving policy.

Zitouni Messaoudi stated that both Algeria and China hope to strengthen their friendly relations through various channels of cooperation. He expressed his belief that cooperation between the two countries would develop fast and be a model of South-South cooperation.

Tian Jiyun Entertains Algerian

OW251610 Beijing XINHUA in English 1442 GMT 25 Apr 86

[Text] Beijing, April 25 (XINHUA) -- Chinese Vice-Premier Tian Jiyun met and gave a dinner for Zitouni Messaoudi, Algerian minister of light industry, here today. Messaoudi arrived here Wednesday for the second session of Sino-Algerian Commission of Economic, Trade and Technological Cooperation to be held tomorrow.

RENMIN RIBAO ON ISRAEL'S TRIAL OF DEMJANJUK

HK240854 Beijing RENMIN RIBAO in Chinese 10 Apr 86 p 6

["Jotting" by Xu Ping: "Both Are Slaughterers and Yet They Are Treated Differently"]

[Text] According to Israel's schedule, Nazi war criminal John Demjanjuk, who sent thousands of Jews to their death in the gas chambers of an extermination camp at Treblinka, Poland during World War II, is going to be brought to trial in the next few days. Of course he deserves punishment.

It was reported that when this war criminal, called "Ivan the Terrible," was extradited from the United States to Tel Aviv on 28 February this year, the Israeli police set for him a special security procedure called "Justice Operation." Two video cameras have been specially installed in his detaining cabin at (Ayelong) prison and seven prison officers are in charge of keeping watch on him round the clock. All food is tasted by others before being sent to him lest he "commit suicide" or "be murdered."

That Israel has given so much thought to this matter is blameless, since more than 6 million Jews were cruelly slaughtered by the German fascists. Just as the saying goes: "Every injustice has its perpetrator; every debt has its debtor." Thus, it is right and proper for Israel to pursue and punish Nazi war criminals.

People who were forced to wander as refugees for over 2,000 years must be the ones who most keenly cherish peaceful life, and those who survived the most massive genocide in human history must know the value of life better than others. So, Israelis, who suffered all hardships, should respect human rights and hate cruelty as well as the crime of slaughter more than others. However, since the founding of Israel in 1948, the rulers of this country have ignored history and violated ordinary rules and practices, launching aggressive wars again and again and producing numerous Palestinian refugees. Israel has gone so far as to plot and take part in a Nazi-type fascist massacre in Lebanon in recent years. People may still remember the night several years ago when Israeli troops suddenly surrounded the Sabra and Shatila refugee camps in West Beirut and blocked all the ways out. The slaughterers searched every house in the camps, forced Palestinian refugees living there to "face the wall and then massacred them by shooting them from behind." Corpses stacked up in the refugee camps and the scene was just horrible. "Why do innocent people have to suffer such a fatal disaster, with bones piling up like hills?" However, to people's surprise, former Israeli Defense Minister Sharon, who was held responsible for this inhuman genocide, dared to appear in court in the United States, looking unshamed, together with his wife, to accuse TIME Magazine of reporting this massacre in a way that defamed him. Of course, the Israeli authorities would not set any security procedure like the "Justice Operation" to deal with Sharon, but praised him to the skies and gave him exceptionally good treatment.

Just consider these two cases: Both men are slaughterers who have recklessly murdered innocent people, and yet they are treated completely differently. In fact, Demjanjuk and Sharon have almost equally heavy blood debts. But, considering their attitude toward their guild, we can find that the Nazi slaughterer, anyway, has realized that he is sinful and has had a guilty conscience; therefore, he has lived incognito in the United States for several decades; whereas the Beirut slaughterer has never shown the least guilty conscience, counting on his strong backing by Israel.

In the middle of last year, the case of Nazi criminal Josef Mengele attracted the world's attention for a while. This man, called "the Angel of Death," sent thousands of prisoners to their death in the gas chambers and dissected live human beings for biological experiments at Auschwitz extermination camp. He also obstinately denied that he had committed any crime, claiming that nobody was justified to put him on trial. Apparently, he was as shameless as Sharon is today and that is the very thing in common between them.

As the Chinese saying goes: "Good will be rewarded with good and evil with evil." Sharon and his ilk have not yet been imprisoned; this, of course, is because the Israeli authorities are backing them. But, while trying the case of Nazi war criminal Demjanjuk, who has escaped punishment for 40 years, has Israel ever realized that peoples in the world may find out from the Israel's different attitude toward Sharon that this court which is trying others is not so fair and just in itself?

DENG XIAOPING HONORS MAO ZEDONG'S BROTHER

OW280606 Beijing XINHUA Domestic Service in Chinese 1243 GMT 27 Apr 86

[Text] Nanchang, 27 Apr (XINHUA) -- An inauguration ceremony for the memorial to Martyr Mao Zetan, an outstanding CPC Member and staunch communist fighter, was held in the old Red Capital of Ruijin County yesterday. Comrade Deng Xiaoping inscribed the name of the memorial.

The memorial to Martyr Mao Zetan, located in front of the Ruijin County revolutionary Martyrs Memorial Hall, is 5.4 meters high and made of milky white and green marble. Its front is inlaid with the brass characters for the title "Comrade Mao Zetan Memorial" which was inscribed by Comrade Deng Xiaoping. A full-length brass statue of Martyr Mao Zetan stands erect on the memorial's foundation. His biography is engraved on the back of the memorial. The memorial as a whole looks simple but stately.

Martyr Mao Zetan was born in Shaoshanchong of Hunan on 25 September 1905. He joined the CPC in 1923, and took part in the Nanchang Uprising and the struggle to found the Jinggangshan revolutionary base area. He served successively as secretary of the Yongfeng-Jian-Taihe special party committee, director of the political department of the Red III Corps, secretary of the Gongluezhongxin County party committee, and secretary general of the central district of the Soviet area. After the Red Army started the Long March, he remained in the Soviet area and continued a guerrilla war there. On 26 April 1935, he heroically gave his life at the age of 30 during a battle with the enemy in the Hongling Mountain in Ruijin.

HU YAOBANG ENCOURAGES DEVELOPMENT IN SOUTHWEST

HK251135 Beijing BAN YUE TAN in Chinese No 7, 10 Apr 86 pp 7-15

[Newsletters by Feng Jian: "'The Latecomers Surpass the Old-Timers' -- on General Secretary Hu Yaobang Visiting Guizhou, Yunnan, and Guangxi"]

[Excerpts] From 7 to 9 February 1986, Hu Yaobang, general secretary of the CPC Central Committee, visited a remote mountainous area in the Guizhou-Yunnan-Guangxi border area and spent the Spring Festival there with peasants and workers of various nationalities. That was the fourth Spring Festival that Hu Yaobang had spent with the grass-roots masses in recent years.

On the Spring Festival of 1983, Hu Yaobang went to Yaxian County on Hainan Island and joined the PLA men and local people in celebrating the festival. Then, he wrote a pair of couplets: "The treasure island is full of spring vigor; the motherland resounds with songs of triumph."

On New Year's Day 1984, Hu Yaobang went by car from Sichuan to Bijie Prefecture in Guizhou and visited some poor mountainous areas, walking along snowy paths. During the Spring Festival period of that year, he went to a forward position at Fakashan at the border of Guangxi and extended festival regards to the PLA men there.

Hu Yaobang spent the Spring Festival of 1985 in Pujia Village, which is located deep in the forests in the western Yunnan Plateau. During that period, he visited and inspected some remote mountainous and border areas in Yunnan.

On New Year's Day 1986, he visited the Xisha Islands and met with the garrison force and local cadres. He made a New Year speech there, and planted a coconut tree on Yongxing Island. He specially brought some earth from Zhongnanhai with which to plant the tree.

This time, from 4 to 20 February, he visited the southwest region of the country to find out about the situation of production and people's livelihood in the remote rural areas and the poor mountainous areas. He took a medium-sized car to cross the high mountain ridges in western Guizhou, the small plains in eastern Yunnan, and the river valleys in northwest Guangxi. He finally came to the open city of Beihai and inspected urban construction projects and harbor facilities there.

Since 1982, the CPC central leadership has issued five Documents No 1 on rural work at the beginning of each year. These documents are guiding our country's agriculture to develop vigorously. When the countryside had become full of vigor in economic development, the CPC central leadership and the State Council issued a circular in September 1984 on helping poor areas change their conditions as rapidly as possible. Now that more than 1 year has passed, what changes have occurred in the poor areas? This is what the party central leadership and the State Council are keen to know, and it is also a question that the people throughout the country are concerned with. This time, when making an inspection tour in Guizhou, Yunnan, and Guangxi, Hu Yaobang also led an inspection group composed of 30 leading cadres from various central departments. These cadres were divided into three small groups and went separately to make investigations in Bijie Prefecture in Guizhou, Wenshan Prefecture in Yunnan, and Hechi Prefecture in Guangxi.

During this inspection tour, Comrade Hu Yaobang particularly took 1 and 1/2 days to inspect Beihai, an open city on the coast of the Beibu Gulf.

He asked a responsible cadre of Beihai City: "In your view, what are the differences between Beihai City and the other 13 open cities? Which city is Beihai more like?"

After thinking for a while, the cadre answered: "Beihai is nothing like other cities. Beihai City and Fangcheng Harbor should be considered an integrated body. As I see it, the major characteristic of this city, which distinguishes it from other open cities, is its function as a passage and port that links Guangxi and the entire southwest region, including Yunnan, Guizhou, and Sichuan, with the outside world."

Hu Yaobang then said: "The key to Beihai's prosperity lies in the development of its transport facilities. The cargo handling capacity of the Beihai and Fangcheng Harbors should reach millions of tons a year in 2 to 3 years' time. Beihai City should first consider how to improve its harbor services, and should develop all the backup facilities in the fields of land transportation, storage, trade, packing industry, and other tertiary industries that are needed for harbor operations. This is a major issue concerning the economic results and social benefit of Guangxi and the entire southwest region. If you do a good job in developing the harbor services, you will give a great impetus to the economic development in southwest China.

He said: There are two types of "outwardly oriented" products. One type is industrial goods, particularly those industrial goods which are produced by making use of local resources, the other type is mineral products and native products. Guizhou, Yunnan, and Guangxi have favorable conditions to develop the second type. "Outwardly oriented" products should not be defined too narrowly. He hoped that Beihai City would make full use of its local favorable conditions to develop sea fishery and sea aquaculture so as to supply the markets with more aquatic products.

After returning to Nanning from Beihai, Hu Yaobang listened to the reports by responsible cadres of Guangxi, Yunnan, and Guizhou.

Then he emphatically pointed out: The three provinces and the region should develop their own economies by making full use of their favorable conditions in the following three aspects: First, they all abound with a rich variety of mineral resources, including ferrous metal, nonferrous metal, and non-metal mineral resources. The development of these mineral resources is of great significance in our national economy. Second, the river valley areas in Guangxi, Yunnan, and southern Guizhou are good places for planting subtropical cash crops. Those areas can grow more sugarbearing crops, more subtropical fruit, more valuable medicinal crops and crops for making balm and grass-land at high altitudes in these provinces and regions, and these places can be used to plant trees and forage grass and to raise many cattle, horses, and sheep. Finally, he said: "I hope that we will see obvious results in these areas when celebrating the 40th anniversary of the founding of the PRC."

Yunnan, Guizhou, and Guangxi are inhabited by nearly 100 million industrious and intelligent people of some 20 nationalities, and cover a total area of nearly 800,000 square kilometers. Due to the natural, historical, and social conditions and due to the weak economic foundation, their present economic levels still lag behind most other provinces and regions. However, the untapped treasure and resources reserved in these areas show that they have great economic potential. Once the door of the treasure house is opened, they will have broad and bright prospects in economic development.

At present, this treasure and potential are being more and more recognized by people. The opening of Beihai City has also given a new impetus to the tapping of this treasure and potential. With the development of the socialist modernization process, the people in Yunnan, Guizhou, and Guangxi, through hard work and vigorous efforts, will certainly realize the target, as General Secretary Hu Yaobang wrote to them: "The latecomers will surpass the old-timers."

HU YAOBANG URGES BEIJING-TIANJIN TREE-PLANTING

OW280452 Beijing Domestic Service in Mandarin 1200 GMT 26 Apr 86

[Text] The state is formulating overall short-term and long-term plans for planting trees and grass in the Beijing-Tianjin area in order to remarkably improve the environments of this area by the end of the century.

Given that winds and dust are still problems in the Beijing-Tianjin area and more trees should be planted there, Comrade Hu Yaobang in November last year gave some written instructions on an investigation report. In the instructions, he called on Beijing and Tianjin Municipalities and Zhangjiakou, Chengde, and Tangshan Prefectures to make great efforts to plant trees and grass under a unified plan and strive to transform the environments around Beijing and Tianjin before the end of the century. Soon afterwards, the State Planning Commission, the Ministry of Forestry, and the departments and prefectures concerned seriously studied how to implement Comrade Hu Yaobang's instructions.

A greening group for the Beijing-Tianjin area was inaugurated in Beijing on 26 April. State Councillor Song Ping and Minister of Forestry Yang Zhong addressed the inauguration. They held that to plant more trees around Beijing and Tianjin is of great significance for transforming the environments and alleviate the water shortage in the Beijing-Tianjin area. The planned tree-planting, as a special project of the second-stage task for building the shelter forests for the northwest, northeast, and north China regions, will cover 75 counties in the Beijing-Tianjin area.

In 1986, efforts will be made to formulate an overall plan, cultivate saplings, prepare land, train technical personnel, make other necessary preparations, and conduct experiments in four selected countries in the northern part of Chengde Prefecture.

ZHENG TIANXIANG REPORT ON SUPREME COURT WORK

OW242322 Beijing XINHUA Domestic Service in Chinese 0002 GMT 19 Apr 86

[Text] Beijing, 19 Apr (XINHUA) -- Report on the work of the Supreme People's Court by Zheng Tianxiang, president of the Supreme People's Court, at the Fourth Session of the Sixth NPC on 8 April 1986

Deputies:

In the past year, the people's courts at all levels in China have further understood that the administration of justice must serve the general tasks and objectives of the party and the state and serve socialist modernization. Following the guidelines of the resolution of the Third Session of the Sixth NPC, the Supreme People's Court concentrated on the following three aspects: First, after winning a great victory in the struggle to strike vehemently at crimes seriously jeopardizing public security, the Supreme People's Court comprehensively stepped up the administration of justice to meet the new situation, and actively participated in the efforts to make a general improvement in public order. Second, it enforced the law conscientiously and worked hard to improve the socialist legal system. Third, it made efforts to revolutionize, professionalize, and modernize the people's courts. In the coming year, the Supreme People's Court will make comprehensive arrangements, in accord with the overall situation, to concentrate on "two strikes" -- namely, to continue a firm and vehement strike at crimes seriously jeopardizing public security, and to resolutely intensify our strike at crimes seriously disrupting the economy. It will pay attention to the trial of economic and civil cases and continue to work hard to improve the socialist legal system and the quality of judicial cadres. Our general situation and major tasks are as follows:

1. Continuing a Vehement Strike at Crimes Seriously Jeopardizing Public Security, and Striving for a Steady Improvement in Public Order

On 2 September 1983, the Second Session of the Sixth NPC Standing Committee adopted a "resolution on severely punishing criminals who seriously jeopardize public security" and a "resolution on expediting the trial of criminals who seriously jeopardize public security." Since then, the people's courts at all levels throughout the country have resolutely implemented the two resolutions. In view of the current situation in public order, the people's courts this year will continue to firmly adhere to the principle of speedy trial and severe punishment according to law to strike vehemently at criminals who seriously jeopardize public security. The people's courts will continue to strive for a steady improvement in public order to lay a solid foundation for a further and fundamental improvement in public order.

From August 1983 to the end of 1985, the people's courts and special courts at all levels in our country heard of some 1,102,000 criminal cases and sentenced more than 1,395,000 people according to law. Stress was put on punishing criminals in seven categories who seriously jeopardized public security, such as hooligan gangs, killers, rapists, and robbers. They accounted for 51 percent of those who were sentenced. Our strike at serious crimes was accurate and vehement.

The situation in which criminals once rampantly and seriously jeopardized public security and disturbed people has greatly changed, hooligan gangs have suffered destructive blows, and public order has improved remarkably. National statistics show that, after 28 months of effort to strike vehemently at crimes seriously jeopardizing public security, criminal cases decreased by 35.9 percent. In 1985, 542,000 criminal cases were reported, showing a crime rate of 5.26 per 10,000. The 1985 crime rate was lower than that of many other countries, and higher than our lowest crime rate of about 3 per 10,000 in 1956 and 1965. However, it was remarkably lower than the crime rates of 8.9 per 10,000 in 1981, 7.4 per 10,000 in 1982, and 6 per 10,000 in 1983. This was the result of joint efforts by all public security and judicial organs under the party leadership, and with the support of the people. Facts have proved that the principles, policies, and decisions of the party Central Committee and the NPC Standing Committee to strike vehemently at serious crimes are completely correct.

While adhering to the principle of speedy trial and severe punishment according to law, we also implemented a policy of integrating punishment with leniency. In striking severely at serious crimes, people's courts at all levels in the country have tried and sentenced criminals according to law and dealt with each case on its merits. Of those who were tried, 42 percent were sentenced to 5 years' imprisonment or more, life imprisonment, or death (including death sentence with reprieve), and 58 percent were sentenced to less than 5 years' imprisonment or hard labor, granted probation, exempted from punishment, or acquitted. In 1985, some 107,000 inmates who had shown repentance or performed meritoriously during their imprisonment had their sentences reduced or were released on parole by people's courts at all levels in the country. The courts also passed additional sentences according to law on more than 5,600 convicts who had escaped from prison or committed crimes again after escape. The actions taken by the courts have yielded very good effects.

Public order has improved markedly, but we must not overestimate the improvement. In 1985, people's courts at all levels in our country accepted and heard more than 246,000 first-offense criminal cases, involving some 277,000 criminals. The number of criminal cases in 1985 decreased 43 percent while the number of criminals dropped 54 percent, as compared with 1984. However, the decrease does not reflect the overall situation in public order, for the following reasons: First, more than 540,000 criminal cases were reported in 1985, showing an increase of some 28,000 cases over 1984. Second, the improvement in public order was uneven, with some localities being in very good order while other localities were still plagued by poor public security. Third, vicious criminal cases occurred frequently, and some crimes increased. Therefore, the people's courts at all levels should absolutely neither slacken their efforts nor lower their guard. We must realize the protracted, complex, and arduous nature of the struggle against crime, uphold the people's democratic dictatorship, and pay great attention to the struggle against crimes that seriously jeopardize public security. We must continue to stress striking at criminals of seven categories. At the same time, we must pay special attention to the following new situation in our administration of justice:

First, we must resolutely combat such rampant crimes as theft, fraud, and robbery. The main target of such crimes is public property. Some criminals also engage in blackmail and rob self-employed and specialized households. In some localities, theft rings that steal, and transport and dispose of stolen goods have become a force of organized crime disrupting the socialist economic order.

We must continue to deal sternly with the crime of seriously violating public property. In addition, we must investigate and punish according to law those who neglect their duties and cause serious losses to the state. Otherwise, it will be very difficult to improve management.

Second, we must resolutely stop the reappearance and rampancy of some ugly phenomena of the old society. Some crimes which completely disappeared after the founding of the People's Republic, such as luring, keeping, or coercing women to prostitute themselves or using feudal superstitions to commit crimes, have reappeared in some localities. The crimes of smuggling, making, selling, and showing pornographic video films were quite conspicuous for some time in many localities. Tabloids and books dealing with terror, sex, and the decadent bourgeois life style were once quite rampant. These things have a very bad corrosive influence on people, especially on youngsters. In recent years, juvenile delinquency has occupied a pretty big proportion of the total number of crimes, and is rising in some localities. It is directly related to filthy and serious spiritual pollution. We must henceforth continue to resolutely ban and deal severe blows at them. We must resolutely impose severe punishment according to law on those who abet or teach youngsters to commit crimes.

Third, we must deal head-on blows to hooligan gangs and rascals whose crimes of disturbing public order have gained ground in some places. In quite a few localities, some scalpers have appeared at railway stations and wharves and in fish and vegetable markets perpetrating outrages. We must be thorough in exterminating these severe criminal activities, and deal sternly with the ringleaders and backbone elements of these scalpers in accordance with law.

Fourth, we must impose heavy and severe punishment according to law on habitual offenders, recidivists, and convicts who commit crimes again after escaping from prison. Some habitual offenders, recidivists, and escapees have fled hither and thither to commit crimes. Many major and vicious crimes have been committed by none other than such bad elements. We must resolutely impose heavy and severe punishment according to law on habitual offenders who commit such crimes as theft, robbery, and fraud, recidivists, people who commit crimes again after serving sentences and being released, and inmates who commit crimes again after escaping from reform-through-labor farms.

While continuing to implement the principle of speedy trial and severe punishment according to law in the struggle to strike fiercely at crimes which seriously endanger public order, people's courts at all levels must conscientiously strengthen the administration of justice, put stress on accuracy, and strike surely, accurately, and relentlessly at criminals.

2. Resolutely Striking at Serious Economic Crimes and Safeguarding Smooth Progress in Reforming and Building the Socialist Economic Structure

On 8 March 1982, the 22d session of the 5th NPC Standing Committee adopted the "resolution on severely punishing criminals who seriously disrupt the economy." From 1982 to the end of 1985, courts at all levels throughout the country completed trials of more than 183,000 economic crime cases involving such categories as corruption, bribe-offering, bribe-taking, smuggling, profiteering, fraud, and theft of public property, and sentenced more than 224,000 persons. Since last year, while promoting socialist spiritual civilization, the party Central Committee and all local party committees have strengthened leadership over the struggle to strike at serious economic crimes.

The party's discipline inspection departments and the state procuratorial and public security organizations have cracked a number of major and key cases. People's courts in all localities have severely punished a number of criminals who have committed serious economic crimes. As a result, the struggle to strike at serious economic crimes has made some headway. However, serious economic criminal activities are still very rampant, and many serious economic criminals still remain at large. If we view the situation as a whole, our strike has not been forceful enough. The main reason is that we have not acted in accordance with law or strictly enforced the law. Last January, I reported at the 14th Session of the NPC Standing Committee on five questions which must be solved to strengthen the struggle against serious economic crimes: First, it is necessary to rationally solve the question of "substituting the payment of fines for serving time." In other words, if we must investigate a person and affix criminal responsibility for his serious economic crime according to law, it is necessary to take him down to judicial organizations for punishment instead of simply imposing a fine on him as a disciplinary sanction. Second, while dealing with speculation and fraud, we must strictly investigate those who tolerate or even cooperate with criminals after taking bribes from the latter. Third, we must strictly investigate both the givers and the takers of bribes and affix responsibility for their crimes. Fourth, those who neglect official duties must be severely punished according to law. Fifth, it is necessary to conduct thorough investigation into economic crimes committed by party, government, or Army organizations, mass organizations, enterprises, or institutions. To sum up, we must strictly enforce the law. Our views have won support from many departments. On 7 March, the Ministry of Finance issued a circular on solving questions concerning "substitution of fines for judicial punishment."

Currently, serious economic crimes are conspicuously shown as follows: There are many cases of embezzlement, taking and offering bribes, and using economic contracts to speculate or swindle; major cases, especially those of collusion between insiders and outsiders, are increasing remarkably; and many serious economic crimes involve, and are shielded or directly perpetrated by, state and collective enterprises and institutions, party, government, and Army organizations. These serious economic crimes are highly disruptive to reform, opening to the outside world and economic invigoration, poisonous to party style and the standards of social conduct, and harmful to socialist construction. In order to wage an in-depth struggle against serious economic crime, we think we should do the following:

1. We must persist in investigating law violations, and resolutely impose severe punishment on criminals who seriously disrupt the economy.

Comrade Deng Xiaoping pointed out as early as 1982: It is necessary to resolutely combat economic crimes. "Without this struggle, the four modernizations and the policy of opening to the outside world and stimulating the economy will end in failure. So, we must employ dual tactics. That is, we must unswervingly pursue the policy of opening to the outside world and stimulating the economy and, at the same time, wage a resolute struggle against economic crime." In his report to the 12th CPC National Congress, Comrade Hu Yaobang reiterated the dual tactics and said: "It would be wrong to attend only to the latter aspect and be skeptical about the former, and it would be dangerous to stress the former aspect to the neglect of the latter."

He also emphasized particularly that we should on no account rank serious economic crimes "with the common run of offenses or antisocial acts, because they are important manifestations of class struggle under the new historical conditions, in which we are pursuing a policy of opening to the outside and taking flexible measures to invigorate our economy domestically." Recently, Comrade Deng Xiaoping again pointed out emphatically: "We must have dual tactics for the four modernizations, single tactics won't do. The so-called dual tactics means that we should undertake construction on the one hand, and enforce the legal system on the other." He also said: "Why do the four cardinal principles contain one of unholding the people's democratic dictatorship? If there is only a democracy among the people and no dictatorship over saboteurs, we shall be unable to maintain political stability or unity in society, nor shall we be able to succeed in modernization." One of the important conditions for our political stability and unity, and our steady and coordinated economic development is that we uphold the people's democratic dictatorship. In order to consolidate and enhance the excellent situation, we must continue to uphold the four cardinal principles and the people's democratic dictatorship. The people's courts at all levels must firmly combat serious economic crime without mercy, just as they combat other serious crimes.

Currently, there is an erroneous view that, to combat serious economic crimes will obstruct reform, opening to the outside world, and economic invigoration. The truth is precisely the opposite. Only by vehemently striking at serious economic crime can we ensure a successful reform of the economic structure and consolidate the successful results of that reform. If one lacks experience, one will surely make mistakes in work, but mistakes in work and crimes are entirely different in nature. For instance, if one produces or sells fake medicine, fake liquor and wine, or poisonous food, what road is one taking? Is one a reformer or a criminal? This is clear at a glance. If one engages in speculation or smuggling, is one invigorating the economy or committing crimes? This is also clear at a glance.

In some localities, some persons produced fake tung oil and offered bribes to facilitate its marketing. In Zhoushan Prefecture along, more than 200,000 kilograms of it was sold to fishermen for repairing boats. During last year's winter fishing season, since November, 19 boats sank, causing 33 deaths. Can such a serious crime develop productive forces, or will it disrupt them? Isn't this also clear at a glance? Can socialist reform proceed smoothly if we do not sternly combat these serious economic crimes? Some persons arbitrarily put "pioneer" laurels on the heads of criminals who seriously disrupt economic reform, dub those criminals "meritorious persons" in "invigorating the economy," and stubbornly insist that severe punishment of perpetrators of grave economic crimes will "dampen" their enthusiasm for reform. Such absurd arguments as "to perpetrate a crime is justified" and even "to perpetrate a crime is to perform a meritorious service" are definitely detrimental to socialist reform and construction. We must resolutely overcome such interference.

1. We must adhere to the principle of combining punishment with education and eliminate the corrosiveness and poison of bourgeois thinking.

The enforcement of the law and efforts to strengthen political and ideological education must be coordinated and complement each other. Most people in our country have improved their living conditions, and some of them have greatly improved their livelihood. Currently some persons are perpetrating serious crimes mainly because of corruption by decadent bourgeois thinking, not because of difficulties in livelihood.

The most serious form of ideological corruption is putting profit-making and money above everything else. For the sake of money, some persons resort to foul means, disregard national dignity and moral integrity, sell national secrets and interests, ignore party discipline and law, do contemptible things, and engage in dirty deals. For the sake of making money, regardless of consequences, some organizations go so far as to regard some hardened criminals, escapees, swindlers, and some backbone elements of the Lin-Jiang counterrevolutionary clique as "talented persons" and "a ready source of money," assign them to important positions, give them vast powers, and allow them to carry huge sums of money, official seals, and letters of introduction to deceive people everywhere. In order to make money, some enterprises and institutions invent all sorts of names to perpetrate such crimes as speculation, smuggling, and disruption of the currency market in the name of so-called "companies" or "centers." Some law-enforcement organizations knowingly violate the law, and some of their personnel even collude with lawless businessmen. To our surprise, the ugly phenomena of giving and taking bribes, which are common in feudal society and in the capitalist world, have become prevalent in some of our localities and organizations. Many big speculators and swindlers succeed in their tricks because some cadres can be bought with large sums of money, some cadres facilitate criminal activities, and some even collude with them in perpetrating crimes. The key to eliminating the ideological root of economic crime is to emphasize the need to build simultaneously socialist spiritual and material civilization, to make more efforts to study Marxism, and to strengthen ideological and political work. The party Central Committee has decided to closely combine the improvement of party style with the investigation of major cases, and has emphasized again the need to impose severe punishment on perpetrators of serious economic crimes according to law. The people's courts at all levels should closely cooperate with the departments concerned in dealing sternly with the perpetrators of serious economic crimes without any mercy. Severe punishment is also an education. We must carry out a lively and concrete education on lofty ideals, on the legal system, and on discipline by citing typical cases as examples. We must educate cadres and the masses to distinguish clearly between the socialist road and nonsocialist road, and between legitimate things and illegitimate things, and thus promote the building of socialist spiritual civilization.

3. We must thoroughly investigate major economic crimes and handle them in a comprehensive manner.

Major economic crimes often involve collaboration between inside and outside and many units and people may be involved in those cases. Therefore, under the unified leadership of the party Central Committee and party committees at various levels, the public security organs, procuratorial organs, and the people's courts should closely coordinate with the party's discipline inspection departments and leading organs for party rectification to thoroughly investigate those cases and get to the bottom of the matter. Departments concerned must promptly transfer those who violate laws to judicial organs and must not let them escape punishment. The people's courts must adhere to the principle that all people are equal before the law and take decisions without hesitation. At the same time, we must make a comprehensive analysis of a case, clearly understand nature of problems, distinguish between minor and serious crimes, and handle a case in a comprehensive manner. We must punish those who should be punished in accordance with the law and party and political discipline. We must not merely punish the principal offender while shielding other offenders and tolerating evil things.

In handling cases of speculation and fraud, we should not only punish those law offenders strictly according to the law but also investigate why so many units and people are so easily "fooled and tricked."

Article 9 of the Constitution of the People's Republic of China stipulates: "All state organs, the Armed Forces, all political parties and public organizations and all enterprises and undertakings must abide by the Constitution and the law. All acts in violation of the Constitution and the law must be investigated". Therefore, if party, government, and military organizations; public organizations; and enterprises are engaged in serious economic crimes, they should also be investigated and handled in a strict manner. Such crimes would cause far greater damage to the party and state politically and financially. If convicted, those who directly plan, organize, and direct such criminal activities must be punished in accordance with the law. We must not let some of them go unpunished just because they have not "lined their pockets." Those who did not line their pockets may not have committed the crimes of corruption and accepting bribes, but they still should be held criminally responsible for their other crimes.

4. [As received] It is imperative to adhere to the principle of seeking truth from facts and lay stress on being "accurate."

Striking at serious economic crimes is a very complicated struggle. The people's courts must take a clear-cut stand, be firm in their attitude, and also handle cases in a meticulous and firm manner. They must "handle cases based on facts and use the law as the norm," conscientiously make investigation and study, and seriously check all evidence. They should ensure that all facts are clear, evidence is solid, the nature of crimes is correct, sentences are appropriate, and procedures are lawful. Under all circumstances, they must adhere to the ideology of seeking truth from facts and lay stress on "being accurate." They must be sure, accurate, and relentless in handling all cases. They should distinguish between mistakes that happened because of lack of experience and crimes committed in violation of the law. They should not consider mistakes resulting from lack of experience as criminal offenses and must not cover up crimes in violation of the law under the pretext of "lacking experience." They should distinguish between unhealthy tendencies in the economic field and economic crimes. They should not consider unhealthy tendencies as crimes and also must not cover up crimes by describing them as unhealthy tendencies. They should distinguish between problems caused by bureaucratism and criminal activities. They should not consider common problems caused by bureaucratism as crimes and also must not cover up crimes by describing them as problems caused by bureaucratism. They should distinguish between problems resulting from imperfection of a certain system and methods in carrying out reform and the policy of opening to the outside world and enlivening the economy and such crimes as corruption, accepting bribe, smuggling and selling smuggled items, speculation, and fraud. They should not consider the objective cause of problems as subjective responsibility and also must not absolve law violators from guilt and criminal responsibility by describing their crimes as caused by "objective reasons."

In making judgment on cases of economic crimes, the people's court should naturally use the amount of money involved in those cases as the basis for sentencing. However, the amount of money involved should not be considered as the only basis. The people's court should also take circumstances of a crime and the extent of its harm to the socialist cause into consideration. Some law violators receive only a small amount of money from their illegal activities but their crimes may cause great economic losses to the state.

For such cases, the people's court should mete out severe punishment to the law violators. Some law violators' crimes may only cause minor economic losses to the state but their activities cause great harm to the state and people politically. For such cases, the people's court should also mete out severe punishment to those law violators.

We are firmly convinced that, under the leadership and supervision of the party Central Committee, the National People's Congress, and the NPC Standing Committee and in close coordination with departments concerned, the public security organs, procuratorial organs, and the people's courts can certainly deepen the struggle against serious economic crimes with concerted efforts.

4. We must do a good job in the adjudication of economic and civil cases, protecting the people's legitimate rights, and developing the role of regulating economic relations and activities.

In the new situation of deepening reform in the economic structure and further developing the national economy, the people's courts must attach importance to and strengthen adjudication of economic cases and raise their work to the level of regulating socialist economic relations and activities. In recent years, the number of cases of economic disputes has doubled and redoubled. In 1983, there were more than 44,000 such cases. In 1984, they numbered more than 85,700, nearly double the figure for the previous year. The total number of such cases in 1985 increased to more than 226,600, a 160 percent increase over the 1984 figure. If we do not promptly and correctly handle these cases, commodity production and circulation will be adversely affected.

In this situation, we are now faced with a sharp contradiction. On the one hand, the tasks of adjudication of economic cases are extremely heavy. On the other hand, it has been only 3 years since the establishment of economic courts by the people's courts at various levels throughout the country, the number of judicial workers for those economic courts is insufficient, and those judicial workers for economic cases also lack experience and necessary professional knowledge. Accordingly, the subjective forces cannot meet the objective demand. Many cases of economic disputes were not handled in a highly satisfactory manner and the work efficiency of those judicial workers was not high. We plan to work hard to raise quality and efficiency in handling these cases within 1 year or a little longer in order to fundamentally solve the contradiction.

Among the cases of economic disputes, more than 90 percent were disputes about economic contracts. The people's courts at various levels should stress handling disputes over economic contracts, go deep into the realities of life, go deep among the masses, and carry out careful and systematic investigation and study into the new situation and new problems. They should grasp typical cases in their investigation: make concrete analysis of economic disputes in cities, districts, and counties; sum up their experiences; learn legal affairs by handling such cases; and master the adjudication of economic cases through their practice in handling such cases. The judges should learn some knowledge of economics, make efforts to understand economic work, and take the initiative in establishing ties with various economic departments. Numerous cases of economic disputes have been solved through mediation by administrative departments, economic management departments, and other departments concerned. In handling cases of economic disputes, the people's courts should also pay attention to following the principle of solving disputes through mediation. The mediation must be able to distinguish between right and wrong, and ascertain where the responsibility lies. It must be implemented legitimately, voluntarily and effectively. Judges should go deep into plants, mines, enterprises, and rural areas to publicize economic contract law and other related economic regulations and take the initiative in assisting local party committees and government departments to smooth out matters related to economic contracts.

They should grasp typical cases, explain legal affairs by handling such cases, and help grass-roots level cadres and masses clearly understand the significance of abiding by a contract, the limit between lawful and unlawful activities, and the difference between a valid economic contract and an invalid economic contract and a false contract. They should arm the masses with the weapon of law and educate them to conform themselves to proper economic activities. The Supreme People's Court is planning to select and compile typical legal cases and strengthen specific guidance for the adjudication of economic cases.

In 1985, people's courts at all levels in the nation accepted over 846,000 first trials of civil cases. The number was slightly higher than in 1984. As a result of certain adjustments and changes regarding production and property, the number of disputes over land, mountain forests, irrigation facilities, and other means of production rose 12.7 percent over 1984; and there was a large number of very complicated disputes over the renting, buying, or selling of living quarters; occupation or use of homesteads; inheritance of property; or support or raising of family members. Because of young people's hasty attitude toward marriage and divorce, as well as because of a third party's involvement, the number of divorces increased noticeably. People's courts will continue to investigate and study these new situations and new issues and, while handling these cases, pay attention to ensuring production and family harmony, and protect the legitimate rights and interests of all citizens, especially those of women, children, and elderly people.

A particularly noteworthy situation today is: There is a conspicuous rise of homicides and serious injuries because of the sharpening of ordinary civil disputes. Some of these cases have something to do with the courts' tardy or improper handling. In order to do their best in helping various pertinent parties settle their disputes before they sharpen, judges of people's courts at all levels, especially their grass-roots agencies, must strive to improve their work, continue to carry forward the revolutionary spirit of plain living and hard struggle and the fine tradition of maintaining close ties with the masses, make the rounds at the basic-level units and handle their cases on the spot. As judges doing judicial work, they should also act as propagators of the legal system among the masses, taking positive and active steps in providing comprehensive measures for ensuring public security and guarding against the sharpening of disputes.

The NPC Standing Committee has now presented the draft of the General Principles of Civil Code to this NPC session for deliberation. The Legislation of this basic law for regulating the nation's civil and economic conduct is a major achievement in building the nation's socialist legal system. After the General Principles of Civil Code have been promulgated, people's courts at all levels throughout the country must study and implement them earnestly and, with the general principles as the basic guidance, attain a new level in handling civil and economic cases.

4. [As received] We Must Enforce the Law Seriously and Struggle To Improve the Socialist Legal System.

Following the 3d Plenary Session of the 11th CPC Central Committee, China has made much headway in enacting laws. With regard to major and essential work, we can no longer argue that there are no laws to follow. Salient progress has also been achieved in law enforcement. Our cadres and people have also had a clearer concept in obeying law. However, the work of improving socialist democracy and legal system still will be a protracted and arduous historical task. As indicated by numerous facts, the present major issue is not whether or not there are laws to follow, but whether the laws which have been drawn up are or are not being universally followed or enforced.

Thus, the most important issue in improving the socialist legal system is to enforce laws seriously, making sure that laws are strictly enforced, and that anyone who breaks them is punished.

According to decisions made by the party Central Committee, the State Council, and the NPC Standing Committee at one time or another last year, people throughout the country will be educated to gain a basic understanding of the law over a period of 5 years. This is an important matter in the Chinese people's political life and a great pioneering project which certainly will effectively expedite socialist spiritual and material construction as well as the building of the socialist legal system. People's courts at all levels must take part in this arduous project actively and positively.

To enforce laws seriously, the Supreme People's Court has intensified its supervision over trials, especially the process of trying certain major cases. When lower courts encounter new and difficult problems in some cases, it also provides them specific guidance by explaining applicable legal provisions to them and helping them with precedents. People's courts at all levels have attached great importance to protests lodged by procuratorial organs, appeals, petitions, and inspection of trials; and they have made it a practice to correct whatever mistakes have been discovered, and uphold the correct verdicts. According to the Constitution, no unit or individual is allowed to have the prerogative of transcending the Constitution and laws. Comrade Deng Xiaoping has also pointed out: Our system and laws "will not change according to a change in leaders, nor will they be changed according to a change in leaders' viewpoints or attention." An important guideline for people's courts in supervising trials is: They must check and combat the interference from anyone who tries "to substitute law with order" or "to suppress law with authority."

Because of historical reasons, and especially because of the pernicious influence of the "decade of turmoils," there are more than just a few cases involving contempt of court, "substituting law with order," "suppressing law with authority," and obstructing the people's courts' lawful operation. Some people do this because they are ignorant of the law, some due to a bias, some want to demonstrate their power, and some want to seek personal gains by taking advantage of their authority. Within the economic sphere, some cadres have treated laws pragmatically, regarding laws as tools for protecting the interests of their own areas, instead of regarding laws as the weapons with which to protect the people's legitimate rights and interests. If the court's verdicts were in the interest of their areas, they were happy and said the court was a good court; but if the court decided that they should repay the debts of another place, they were displeased and accused the court of "operating in other people's favor." In some cases they would even obstruct the court from accepting a case, or passing a verdict and enforcing the order. Of course, problems always appear on the path of progress. In the course of law enforcement, as in the movement and development of all contradictions, the struggle between interference and counterinterference and between lawlessness and countering lawlessness will be a long one. Our people's courts, however, must not evade this struggle.

People's courts must be loyal to the law, the institution, the people's interests, and the truth. They must dare to eliminate interference, uphold principles, seek truth from facts, be incorruptible, and execute laws impartially.

While it is wrong for a judicial officer to make an unlawful judgement against his conscience because of outside interference or pressure, it is also wrong for anybody to use power to force a judicial officer to make an unlawful judgment. All serious offenses in this regard must be investigated. A judicial officer who bends the law for personal reasons and anyone using his power to force a judicial officer to bend the law must be investigated for criminal responsibilities according to law. Anybody who should render assistance according to law but fails to do so, and anyone who obstructs -- or refuses to -- execute a court verdict shall be handled and punished according to the provisions of the Law of Civil Procedure of the PRC (for trial implementation) and the Criminal Law.

Comrade Deng Xiaoping's recent concept that we must "pay attention to construction on the one hand, and pay attention to building the legal system on the other" is a sublime conclusion of the positive and negative experiences gained by the country during the past 36 years since its founding. It is a solid combination of universal Marxist truth and the practice of building a Chinese-style socialist society, and an important development of the theory of people's democratic dictatorship under new historical conditions. Implementing this guiding thought of Comrade Deng Xiaoping, implementing the party Central Committee's instruction on improving socialist democracy and the legal system, and strictly following and executing the state's constitution, laws and other regulations and rules will certainly expedite the nation's spiritual and material construction and accelerate the process of building China into a highly civilized and democratic modern socialist country with long-term stability and prosperity.

5. We must make our people's courts more revolutionary, professionally more efficient and more modernized.

We emphasize strengthening the contingent of our judicial personnel by educating them and disciplining them.

While carrying out a large-scale and relatively regular training of our judicial personnel in 1985, we provided them all forms of professional training. With the approval of Chairman Peng Zhen and other leading comrades of the party Central Committee and the State Council, as well as the support from the State Educational Commission, we set up a university of law extension program for the nation's judicial workers. An educational system staffed by full-time and part-time teachers and teaching assistants has been set up from the Supreme People's Court down to the courts at the grassroot level. We have had warm support from experts and professors of the educational and judicial circles. After a regular exam, we enrolled over 30,000 students for the first semester. We plan that, in 3 years or slightly longer, the students will be just as proficient as those of law colleges. We are determined to surmount all difficulties, ensure its quality, and make it a success. Our teaching particularly stresses the need of integrating theories with practice, summing up and systematizing China's judicial experiences, and improving the students' knowledge of Marxist theories and their capacity for adjudication. Meanwhile, we have also sponsored all types of short-term training classes to train cadres on a rotational basis. Last year, the attendance rate of these training classes exceeded 100,000. According to our plan, the nation's judicial personnel will become noticeably more proficient by the year 1990.

We stress that we should learn to improve upon the work of court trials in the course of holding them. With our smooth progress in carrying out the socialist economic structural reform and in implementing the policy of opening to the outside world and enlivening the domestic economy, new circumstances and questions in connection with the work of court trials are cropping up endlessly.

The judicial personnel, whether they are experienced or not, are faced with the need to brush up on their knowledge or even begin studying again from the very beginning. We stress that our court cadres should use the Marxist stand, viewpoint, and method to conduct in-depth investigations and studies, analyze the new circumstances and questions and, at the same time, learn from comrades on all fronts. They should make concrete analyses of typical cases with a view to learning legal work from these cases. Cadres working in courts should not only be familiar with the laws of our country, they should also know the laws and judicial systems of foreign countries as well as the relevant international treaties and international practice so as to correctly apply the Chinese laws, safeguard the sovereignty and interests of our country, protect the legitimate rights and interests of the Chinese and foreign parties concerned according to the law, and serve the needs of our country's policy of opening to the outside world when handling cases involving foreign nationals.

Discipline guarantees the strict enforcement of the law. Cadres working in courts must play an exemplary role in observing discipline and abiding by the law. Before the courts of our country now are many advanced collectives and individuals who are seeking truth from facts, acting according to the law, behaving uprightly and selflessly, and serving the people wholeheartedly. The past 2 years have seen more than 80 court cadres and bailiffs beaten up and injured when carrying out their tasks, and there are even some who have died in the line of duty. Working under very difficult conditions, the vast number of court cadres carried out hard struggles and made great efforts to fulfill their arduous tasks by relying on the fine traditions of our party and of the political and legal work front and by displaying party spirit. In 1985, some 1.5 million cases of one kind or another were tried and settled. The work involved in handling these cases was indeed hard, but it was marked by strict discipline and an upright style of work. This was the essential aspect of the matter. In the meantime, however, we found some instances -- though very few in number -- where our court cadres violated the law and discipline or even committed crimes. Last year 372 cases of violations of the law and discipline and criminal activities involving 380 court cadres were investigated and dealt with by people's courts at various levels in our country. Of the court cadres involved in these cases, 34 violated the criminal law and were prosecuted for their criminal liabilities, while the other 346 were given disciplinary sanctions by the party or the government. We have put forward the requirement that people's courts and their cadres and bailiffs must be prohibited from doing eight things: 1) they are prohibited from making subjective guesses; 2) they are prohibited from bending the law out of personal considerations; 3) they are prohibited from perverting the law to obtain illegal gains; 4) they are prohibited from accepting invitations to dinners and receiving gifts; 5) they are prohibited from seeking and receiving bribes; 6) they are prohibited from doing business to make profits; 7) they are prohibited from riding roughshod over the masses; and 8) they are prohibited from leaking secrets. It is our hope that the people's deputies and all communities in society will supervise the workstyle and discipline of people's courts and their cadres and bailiffs.

Modernization of the method for court management has been placed on the agenda. We have stressed the need to strengthen the transmission of information, statistical work, and comprehensive analysis so as to change our backwardness in this area due to poor information work. As for using electronic computers to manage the courts and assist the work of court trials, the supreme people's court and some higher people's courts have begun to study this matter and have formulated plans to be put into practice in a gradual manner commensurate with the state's financial condition.

Deputies, the political and economic situation is presently very fine in our country. Comrade Hu Yaobang pointed out: In the first 5 years of the 1980's, we created a new situation and began a period of rejuvenation. In the latter 5 years of the 1980's, we should carry forward the spirit of the old foolish man and make it a 5-year period of striving to work hard in unity, in a down-to-earth way, and in an unremitting spirit. The people's courts at all levels across the country should comply with the party Central Committee's instructions and the resolutions adopted at this session, strive to work hard in coordination with all political and legal departments and with the comrades on all fronts, and see to it that anew and still greater victory is scored in all fields of our socialist construction and reform during the first year of the Seventh 5-Year Plan so as to provide an effective guarantee for the successful fulfillment of this plan.

I have submitted the above report for your examination and approval.

LIAOWANG ON SECOND STEP OF RURAL REFORM

HK251328 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 15, 15 Apr 86 pp 18-19

[Article by Chen Kaiguo: "The Second Step of Reform in China's Countryside"]

[Text] Last year was the first year China's countryside carried out the second step of reform. What was the situation concerning rural reform last year? What will the future trends be in reform and development of the rural economy? What kind of work should we do to stimulate the development of the rural economy in a sustained, lasting, steady, and coordinated manner?

A Review of Rural Reform

Since rural reform began with the 3d Plenary Session of the 11th CPC Central Committee, after several years of efforts, the contracted responsibility system linking remuneration with output has been universally established in the countryside and the rural economy has become increasingly active. The contract system linking remuneration with output is a combination of operations on two levels -- cooperative operations and family operations -- with family operations as the basis. This provides fundamental conditions for the development of the rural commodity economy. The rural economy has developed at relatively quick pace from a self-sufficient and partially self-sufficient economy to a commodity economy. This has inevitably imposed new demands on the rural reform. The development of the commodity economy calls for an appropriate external economic environment. To put it simply, we must have a market environment, market conditions, and a market mechanism. The production, circulation, distribution, and consumption of commodities depend on the market. The market must also be adapted to the production, circulation, distribution, and consumption of commodities. From this point of view, the first step of the rural reform took care of only the most fundamental problems in the development of the rural commodity economy -- the problem of a driving force behind commodity production and a relevant form, and the problem of major aspects of industrial development. Of other problems, the most important ones are those in the field of circulation and those in the field of production that arise from new changes in market needs owing to the establishment and development of new market relations such as the readjustment of the industrial composition, the formation of an appropriate scale of operations, the rational use of scientific products in a transition to intensification and modernization, and so forth.

These are problems that must be solved in the second step of the rural reform. The problems in distribution and consumption must also be appropriately solved. This is especially the case with the problem of distribution. With the development of the commodity economy, certain problems have arisen in distribution. They have gone beyond the simple relations and expression involved when there was relatively low development of the contract system linking remuneration with output in the first step of the reform, and they have become more complicated. This also calls for a further solution.

The second step of the rural reform calls for thoroughly carrying out work, with the problems discovered during the first step in mind. Last year the state began to reform the system of planned state purchase and sale of agricultural and sideline products that had been practiced for many years. In line with market needs, it readjusted agricultural production and the industrial mix in the rural economy, linking them with social needs. This was a very bold step taken in the second step of the rural reform. What have the results been? Although practiced for only 1 year, the second step has proved the correctness of the direction of the reform. The results achieved have been tremendous. Despite a drop of several tens of billions of jin in grain production due to the effects of natural disasters last year, no effect of any kind on the market supply was felt due to the relatively large reserves of the past few years. People can clearly see this from the stable grain prices on the market.

With the stimulation of the commodity economy, various industries in the countryside have shown relatively great development. The enthusiasm of the peasants is still running very high. Income from multiple undertakings still shows a relatively big increase. This is what has been achieved in the first year of the second step of the reform. This is an excellent situation prevailing in the rural economy of today.

The Features of the Second Step of the Rural Reform

The features of the second step of the rural reform are related to the development of the commodity economy under socialist conditions. Properly handling the socialist commodity economy in China's countryside is a big task and is the main theme to be taken up during the second step of the rural reform.

Looking back over the situation in the first step of the reform, was like a big reservoir surrounded by towering mountains and giant dams, with the water level going higher and higher. The giant dams were at last broken through, letting loose a deluge and an irresistible force. The second step of the reform calls for taking advantage of the smooth flow of the river opened up during the first step to excavate and dredge a network of channels, large and small, and guide the flow to the vast area of farmland for the benefit of the soil of the commodity economy. This project, though not so impressive as a rushing mountain stream, is unprecedented as far as its complicated, arduous, and delicate nature is concerned.

The deepening of the reform of develop the rural commodity economy cannot be separated from the real situation in China's countryside and from the background of China's commitment to socialist modernization in the 1980's. Many old systems must be abolished and reformed. Many new systems need to be set up. Like the establishment of the contract system linking remuneration with output, this calls for mass practice to bring about a solution.

But given the different degrees and stages of economic and social development of various areas and the different problems in the relations of production and the productive forces, different demands and problems may arise as the reform continues. For that matter, reforms in various areas may have their own characteristics. But the further development of the commodity economy will gradually remove regional restrictions and involve regional economies, with their different levels of development, in the domestic market, thus forcing areas that developed later and underdeveloped areas to carry out reforms at a relatively quick pace in order to maintain their own advantages in certain fields and participate in the development of the commodity economy as a whole. The varied and abundant development of the commodity economy will find full expression in reality. The reclassification of people will also proceed quickly. "Peasants" will no longer be a sector in its original sense. They will be classified as a new social economic sector. They will be linked with certain industries in the social economy particular way and lead a life based on new modes of production and ways of life. The rural economy will operate in the orbit of the commodity economy with its completely new style and new features. Its independent or semi-independent state will become a thing of the past. In a new way, it will be increasingly tied to the urban economy and the world economy. The relations between town and country will be built on a new economic foundation. The urban economic reform has merged with the rural reform. Only through mutual coordination can they show common development. Such development attributable to the commodity economy will ultimately result in a complete change in all old relations incompatible with the new situation. But the trend toward the development of all social economic relations in the direction of being more closely linked itself determines the breadth, depth, and difficulty of a penetrating rural reform and a relatively lasting reform. At present we can hardly tell what course this new reform will follow and what the concrete results will be. But the trend as reform and its general features can be anticipated.

Several Main Problems To Be Solved at Present

The first step of the rural reform was an uninterrupted effort of 6 years, with good results achieved. A brave step has also been taken in the second step of the reform. The problem now is how to consolidate our gains and digest and supplement the existing results of reform in order to make proper preparations for deepen the reform. In this sense, we should seriously do a good job of this year's rural work.

1. We must further realize that agriculture is the foundation of the national economy. We must strengthen the economic role of agriculture.

Facts in the past few years have shown the following with unusual clarity: The rapid development of agriculture provides a basis for the healthy development of the whole national economy. It not only makes for a trend toward rationality in the whole national economy but also brings life to the latter. China is a country with a population of 800 million peasants. Her economy is also at a relatively low level of development. Agriculture and light industry with agricultural products as a source of raw materials are mainly relied upon to satisfy the demand for consumer goods that account for an important part of mass consumption. This fundamental national condition vests the theme of "agriculture being the foundation of the national economy" with extremely great significance.

The varied development of the rural economy, the readjustment of the industrial mix, the trend toward the commercialization of agricultural products, and the break-away [from agriculture] of the rural population in the process of reform further point to the important role of agriculture in the modernization of the rural economy.

Without the past few years of speedy and steady development of agriculture, these new changes in the rural economy would not have come about. Without a flourishing agriculture, there can be no thriving rural economy. China's affairs, especially those in the countryside, are in a certain sense ultimately determined by the degree of development of agriculture and by the number of the members of the rural population breaking away from agriculture and the pace of such a breakaway. All this can be realized only by strengthening the role of the rural economy and speeding up the development of agriculture.

Agriculture since reform has begun to operate under market conditions. Peasants are also doing things according to the law of value. Under existing production conditions, agriculture is at a disadvantage given a market environment. All those peasants who have the ability and the opportunity will give up agriculture to take up other trades. Therefore, we must strengthen the economic position of agriculture and let peasants involved in agriculture make profits and take an interest in this undertaking. In this end, we must have realistic and practicable measures. Concretely speaking, the state must first increase its share of investment in building projects and facilities that peasants to not have the money to launch individually or collectively. Peasants must also increase their share of investment individually or collectively in farmland capital construction projects that are within their means, in order to improve conditions for agriculture. Second, the market environment, the pricing system, marketing conditions, and the service system should be improved by every possible means in order to facilitate trade in agricultural products. Prices for agricultural products should especially be given necessary support. The rise in the prices for the means of production should be controlled. This is an important measure to preserve the peasants' enthusiasm for agricultural production. Third, peasants invest in agriculture in order to develop multiple undertakings, especially to develop town and township enterprises and rural industries. This should be used to improve and strengthen the economic position of agriculture and peasants. This is a policy of "supplementing agriculture with industry." This also means diverting peasants' accumulation through participation in rural industries and sideline occupations to investment in agriculture-intensive production.

2. We must correctly handle the relations between grain production and the development of a diversified economy.

In the past, a one-sided emphasis on grain production resulted in no increase in grain production and a slump in all kinds of trades in the countryside. In the past few years, we have not only taken care of grain production but also paid attention to the development of a diversified economy. A thriving scene has prevailed throughout the countryside. Of course, the breakthrough achieved in bringing about a new economic situation in the countryside in the past few years is the result of the combined effects of various factors. One important such factor is the introduction of the economic reform stimulating peasants' enthusiasm. The readjustment of the production guideline is also an important factor not to be underestimated.

For a big country like China with a population of 1 billion, grain production is of great importance. "There is no stability without agriculture," as a saying goes. This chiefly refers to the role of grain. Given the development of the rural commodity economy, the opening up of the market, and a change in the composition of urban and rural residents' consumption and the mix of relevant foods, the rural industrial composition must be subject to rational readjustment. But such readjustment first of all must guarantee the steady growth of production. We should take this as a prerequisite for developing a diversified economy and developing town and township enterprises, and should do so with local factors in mind.

A given area planted with grain must be ensured. This is the most fundamental rule. Another rule is that we must devise ways and means to further arouse the grain peasants' enthusiasm. The peasants' enthusiasm for the development of a diversified economy now runs very high. We should preserve such enthusiasm. Meanwhile, we must also find a good way to combine the enthusiasm for the planting of grain and that for the development of a diversified economy. This calls for following the new road of "supplementing agriculture with industry, supporting agriculture with sideline occupations, and taking commerce as a stimulus for agriculture," and achieving overall results as based on the rural of "grain meaning stability and industry meaning greater prosperity." Within a cooperative economic entity, we can make readjustments to allow the coexistence of a specialized trade and sideline occupations. Real specialized grain households must also be developed and fostered. In developing specialized households, as far as internal economic conditions are concerned, an important rule is to have a moderate operating scale. This also calls for the combination of external conditions. Certain social services must be provided. Without these conditions, specialized households' operations can hardly be rewarded with relatively good economic results.

3. Science and technology must serve the rural economy. In developing the rural economy, we must rely upon science and technology. This is an important guideline for accelerating the process of modernizing the rural economy.

The development of rural productive forces, an increase in labor productivity, and a change in the peasants' economic position will ultimately depend on the degree to which the rural economy is armed with modern science and technology and on the degree to which the rural economy is capable of absorbing modern science and technology. The modernization of China's countryside will be marked with general, multi-level, and unbalanced development. Different areas and different industries call for different technologies that fit in a gradual transition. Therefore, in using science and technology, various areas must make proper choices. Fundamentally speaking, they must have a long-term plan starting now. An especially important factor here is an improvement in the quality of the population, as this is the most fundamental condition for the application of science and technology to the rural economy. To demand the realization of this aim in a short period of time is unrealistic. We should use various forms and make various arrangements. We should pay attention to the exemplary role of specialized households and fine enterprises in the use of science and technology and in scientific management. We must make a point of combining traditional technology with modern science and technology. The revitalization of China will ultimately depend on the rise of a new generation of peasants. The feature of this new generation of peasants calls for their development in a commodity economy environment and grasp of more modern science and technology.

4. The rural reform calls for properly handling follow-up work with an eye to policies already in force. It especially requires us to adjust to the demands of the development of production and the commodity economy in perfecting and developing a system of cooperation and consolidating and perfecting the reforms already introduced regarding the system of circulation.

In perfecting and developing a system of cooperation, we should do our work in light of the actual conditions of different areas and in line with the needs of economic development and the peasants' demands. We should put the emphasis on the proper handling of various production services. Such a foundation as the family economy cannot be freely changed.

Such useful experience as the system of operations on two levels must be introduced on a long-term basis. Various new ways of cooperation and new cooperative organizations should be established, perfected, and developed on the basis of the development of the commodity economy.

In the reform of the system of circulation, the main task now is to perfect and introduce the contract system. The contract system is a good way of closely combining production, supply, and marketing, and combining peasants, workers, and businessmen along the lines of an economic contract. It is a good way of linking peasants' scattered production with social needs. Meanwhile, it is also a good way for peasants to develop the system of cooperation and combine the system of cooperation with other economic forms. We must also try to organize organizations that act as mediums in the circulation of commodities. For example, we must develop a wholesale market to facilitate the circulation of agricultural and sideline products in quantity. We must also set up new types of commercial undertakings that cut across the boundaries between areas or departments. Such undertakings can be combinations of peasants and workers and combinations of peasants and businessmen. We should also strengthen the building of commercial service facilities and gradually devote existing facilities to serving society after experiments. In summation, a lot of concrete work remains to be done in this respect. The aim is to further pave the way for circulation outlets facilitate the development of the rural commodity economy.

LIAOWANG VIEWS CHANGES WROUGHT BY PLA REFORMS

HK240857 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 16, 21 Apr 86 p 19

[Article by Zhang Qinsheng and Zhang Chunting. "Reforms and Opening Up Have Brought Profound Changes to China's Armed Forces -- capitalized passages published in boldface]

[Text] China is now in a period of transformation, carrying forward the revolutionary cause, forging ahead into the future, and replacing the old with the new. Under the impetus of the tide of reform in the economic, political and other fields, China's Armed Forces have moved out of certain obsolete, ossified, and closed environments and embarked on the developmental road of building a modern Army with Chinese characteristics. In past few years, in particular, profound changes have taken place in the building of China's Armed Forces and the development of national defense forces. These changes are chiefly demonstrated in the following aspects:

THERE HAS BEEN A MAJOR STRATEGIC SHIFT IN THE GUIDING IDEA ON BUILDING THE ARMY. There has been a shift from the guiding idea of basing work on fighting an early, major, and nuclear war" onto the track of building the Army in peacetime. It indicates that the leaders of China's Armed Forces have emancipated their minds and that they have gained a more profound understanding of the development of world politics and the military situation, of changes in the form of war, and of the growth and decline in the relative strength of war and peace in recent years.

Deng Xiaoping, chairman of the Military Commission of the CPC Central Committee, pointed out: "We have changed our original view that the danger of war was very pressing. We hope that there will be no war for a relatively long time, at least up to the end of the century. This is quite possible, and is not just empty talk." In line with this, the CPC Central Committee and the Central Military Commission made the strategic policy decision to reduce the size of the regular Armed Forces by 1 million.

Along with this, we launched large-scale streamlining and reorganization, abolished or amalgamated strategic regions, organized group armies, streamlined the organs, and strengthened the coordination of the different branches of the Armed Forces. This has enhanced their capability for warfare under modern conditions.

The first stage of reorganizing the whole Army has now been completed. All types of Army units have finished reorganizing according to the new establishment. The General Staff Department, the General Political Department, the General Logistics Department, the National Defense Science, Technology, and Industry Commission, the different branches of the Armed Forces, and the organs of the greater military areas have carried out their work according to the newly promulgated establishment and structure. According to the original plan of the Military Commission, the principal task this year is to streamline and reorganize the military academies and schools, the People's Armed Forces departments, and the organizations engaged in logistics. The work is expected to be basically completed at the end of this year.

THERE HAVE BEEN NEW DEVELOPMENTS IN THE COMPREHENSIVE BUILDING OF NATIONAL DEFENSE. Over the years, the comprehensive building of China's national defense has been limited to the building of the armed forces. This has swelled the number of soldiers, led to lopsided development in the comprehensive building of national defense, increased the contradictions between Army building and national construction and between national defense expenditure and national economic construction, and thus fundamentally weakened the actual strength of national defense. After the enlarged meeting of the Central Military Commission in 1979, the leaders of China's Armed Forces further realized that defense capability is a pluralistic combination and that, in increasing national defense capabilities, we should ultimately rely on the coordinated development of military strength, national defense science and technology, and the war mobilization structure. These complement one another in a single entity. Therefore, while deciding on a rational size for military strength, the Armed Forces have formulated a development strategy for national defense science and technology, established quick-reaction units and various types of reserve units, and have also set to work with the State Council to draft a new war mobilization law. As a result, the comprehensive building of national defense is steadily developing in a measured and balanced way.

NATIONAL DEFENSE SCIENCE, TECHNOLOGY, AND INDUSTRY HAVE BECOME AN IMPORTANT FORCE IN THE NATION'S ECONOMIC CONSTRUCTION. In the past, the national defense science, technology, and industry departments and affiliated organizations have been in closed environments for a long time and it has been very difficult to exploit the advantages of their technology, funds, competent personnel, and equipment, as well as to tap their numerous potentials. Moreover, the long-standing system of "everybody eating from the same big pot" followed in national defense science, technology, and industry and characterized by the practice of one being reimbursed for what one spends, has stifled the vigor and vitality of the enterprises. In recent years, the national defense science, technology, and industry departments have referred to the experiences of the development of national defense science, technology, and industry in developed countries and have also adopted a number of useful measures in China's domestic, local economic reforms.

At the same time, the study of national defense economics, a burgeoning new topic, has been brought into the field of national defense science, technology, and industry, and the principles and policies of "integrating military with civilian production, combining production in peacetime with that in wartime, giving top priority to the manufacturing of military products, and supporting military with civilian production" and "transferring patent technology" have been put forward. This has added great vitality to the field of national defense science, technology, and industry and played a very great stimulating role in the national economy. At the military-turned-civilian technology fair held in Beijing last year, the total trade volume of technology transfer between the organizations engaged in national defense industry and the local authorities was as much as several billion yuan.

MILITARY EDUCATION HAS IMPROVED IN THE COURSE OF REFORM. In an effort to fundamentally change the situation whereby military education lags behind national education and fails to suit the need of modernizing the Armed Forces, education in military academies and schools is being shifted onto the strategic direction of gearing to the needs of modernization, the world, and the future. The focus of the work is to train competent personnel for Army modernization in the 1990's up to early in the next century in order to set up a modern military educational structure conforming to China's national conditions, to smash the self-seclusion of military school education, and to gear military education to the needs of society and the world. The 13th all-Army military academies and schools meeting held in mid-February conscientiously studied the measures for effecting the above mentioned changes in order to push forward the building of China's military academies and schools to a new stage.

THERE HAVE BEEN NEW BREAKTHROUGHS IN MILITARY THEORETICAL STUDIES. During the war years, China's military theoretical work reached a high degree of proficiency. It was a period of great prosperity. After the founding of the state, due to "leftist" ideological influence, military theoretical study to a very large extent went no further than explaining a certain article or speech of a leader, and certain theories themselves become a kind of religious doctrine. In recent years, all types of military theory study activities have been unprecedentedly lively. The previous scholastic study, which departed from reality, has been smashed and various nongovernmental academic organizations and salon-type military academic research organizations have sprung up like mushrooms. China has broken into fields of research which were originally held to be forbidden areas, and simultaneous research in many fields including national strategy, military strategy, the comprehensive building of national defense, and the development of the Armed Forces. Many of the fruits of this research has filled in blanks which had lasted for many years in domestic military theory studies. People's vision has been directed to the future. At the same time, attention has also been paid to solving practical problems in the current reforms.

VERY GREAT RESULTS HAVE BEEN GAINED IN THE ARMED FORCES' EXTERNAL EXCHANGES. In the past, undue stress has been laid on the difference between our state system and People's Army and those of the capitalist countries. As a result, China's Armed Forces have been narrow-minded, responded slowly to the latest developments, and almost closed themselves to international intercourse for a long time. In recent years, due to the implementation of the policy of opening up, China's Armed Forces have been constantly expanding exchanges with foreign armed forces.

This includes contacts and dialogues between Army leaders, mutual visits by various military delegations, and military science and technology or military academic exchanges and cooperation, such as asking foreign academics and professors to give lectures in China and sending scientists and technicians abroad to engage in advanced studies or to make on-the-spot investigations. This has enriched our ideas, broadened our horizons, and stimulated the building of China's Armed Forces.

PLA OPENS 1ST COMBINED TACTICAL TRAINING CENTER

HK240847 Beijing ZHONGGUO XINWEN SHE in Chinese 0826 GMT 23 Apr 86

[Text] Beijing, 23 Apr (ZHONGGUO XINWEN SHE) -- The PLA's first "combined tactical training center: was set up in the Nanjing Military Region yesterday. So far this is China's largest and best equipped comprehensive military training base.

JIEFANGJUNG BAO carries a report on this today, stating that the establishment of this "combined tactical training center" indicates that the military training of the Chinese Army is going to gradually and fully shift onto the track of modernization and regularization for peacetime and enter a new stage of multi-arms and high-level training.

The center has made initial efforts in designing a laser battle field [ji guang jiao zhan chang 3423 0342 0074 2069 1034], a live ammunition practice ground, an indirect firing ground [jian miao huo pao she ji chang 7035 4178 3499 3517 1410 2345 1034], a computer-simulated battle command post, and a general command and control unit. Meanwhile, 12 systems relating to laser battles, remote control, screen display, battlefield display, computers, and telecommunications, have been installed to support the normal operations of the training center.

The training center will make full use of various modern training means and organize military exercises involving combined operations of various branches of the services or two confronting parties, as well as other tactical and technical experiments.

According to another report, a system of simulating combined tactical training for commanders has been developed. With the help of this high-speed and time-saving system, it takes just 2 hours to input a combat plan and one to three persons can conduct a military exercise involving a "red" party and a "blue" one fighting against each other. The system can also automatically draw up a supplementary program [xiang ding 1927 1353]. This system, which takes various factors on the battlefield into consideration, will make military exercises more scientific and thus more closely meet the needs of actual combat.

STATE COUNCIL URGES IMPROVING VEGETABLE PRODUCTION

OW250501 Beijing XINHUA Domestic Service in Chinese 1237 GMT 22 Apr 86

[Excerpts] Beijing, 22 Apr (XINHUA) -- The State Council recently distributed to all localities a report on improving the production and marketing of vegetables in urban areas jointly submitted by the Ministry of Commerce, the Ministry of Agriculture, Animal Husbandry and Fishery, the State Bureau of Commodity Prices, and the State Administration of Industry and Commerce.

In its circular to all local authorities, the State Council noted that it had approved the report and urged them to implement it conscientiously in the light of actual conditions.

The circular states that we achieved marked results in undertaking the task of reforming the production and marketing structure of vegetables last year. The road we took was correct. Although reform is developing in the right direction, it must be pointed out that our reform tasks in the years to come are still arduous. Leaders at all levels must attach great importance to vegetable work, constantly sum up their experiences, promptly solve new problems, firmly continue the task of restructuring the production and marketing of vegetables, do a good job in improving the production and supply of vegetables remain basically stable, to make new contributions for consolidating and developing the excellent situation.

The report submitted to the State Council by the ministries and departments concerned made eight suggestions for improving the production and marketing of vegetables in urban areas.

1. Serious efforts should be directed at improving vegetable production. In large and medium-sized cities it is necessary to rationalize the geographical distribution of vegetable production. We should implement the principle of ensuring vegetable supplies by mainly relying on production in suburban areas, supplementing supplies with production from outer suburban areas, and regulating supplies with production from other cities.
2. The systematic service for vegetable production must be improved. We should provide vegetable growers in suburban areas with systematic services such as production techniques, the supply of the means of production, and the marketing of vegetables.
3. We should pursue lateral economic cooperation in the production and marketing of vegetables.
4. We must pay attention to building markets for the wholesale trading of vegetables. As wholesale markets are centers for promoting the circulation of vegetables, the construction of such centers should be undertaken on the basis of urban construction plans.
5. The role of state-run vegetable companies in large and medium-sized cities must be brought into play. Following the decontrol of vegetable markets, the state-run vegetable companies still have to carry out the important task of stabilizing vegetable prices and arranging markets.
6. We must ensure that the prices of vegetables remain basically stable. The retail prices of vegetables in 1986 should be stabilized at the average level of those in 1985 following the decontrol of vegetable prices. Efforts should be made to bring down the price of vegetables which rose excessively in 1985.
7. We must improve the management of vegetable markets and successfully organize country fairs. We must strengthen the management of vegetable markets, protect lawful business operations, and curb illegal profit-making. Individual dealers are required to obtain a licence for a fixed spot in a market or at a designated area. They must pay taxes and fees according to regulations.
8. We must strengthen leadership over vegetable work. Vegetable supplies and prices have a direct bearing on stability and unity and on the people's living conditions. Leaders at all levels must attach great importance to this work as it involves not only an economic issue but also a political issue.

All pertinent departments should support the production and marketing of vegetables with financial and material aid.

RENMIN RIBAO VIEWS AGRICULTURAL POLICY

HK240158 Beijing RENMIN RIBAO in Chinese 19 Apr 86 p 4

[Report by Wu Chu: "Jilin's 55 Township Livestock Centers Procure Wool in Accordance With the Principle of Serving Production, Letting the Peasants Have More Profits"]

[Excerpt] In accordance with the principle of serving production and letting the peasants have more profits, 55 township livestock centers of 6 counties in Baicheng Prefecture, Jilin Province, last year began the business of procuring wool and have acted as a bridge between demand and supply. Last year, they procured more than 560,000 jin of wool and directly delivered the goods to factories. The move received a warm welcome by the peasants and woollen mills.

In order to serve better the sheep raising industry and woollen textile industry, these township livestock centers have promoted the business of procuring wool while doing well in their own job of providing technical services. They procured quality wool at an attractive price. They then packed the goods and sold them to the mills in accordance with the national grading system. Therefore, they reduced the number of links in the circulation chain by three and formed a circulation system of animal husbandry-industry-commerce marked by fewer links in the circulation chain. This has not only made things convenient for the peasants but has also reduced the amount of cost and wool losses, has eased the pressure on the transport sector and warehouses, and has reduced the turnover expenses of woollen textile enterprises. Some livestock centers accomplish the procedures of procurement, packaging, and delivery to mills within the same day. Therefore, they have received a warm welcome from the woollen textile enterprises.

Furthermore, the production-oriented livestock centers have implemented the policy of letting the peasants have more profits. By means of reduction and exemption of charges, as well as the development of technological services, they have refunded to the peasants the major part of gross profits earned from the procurement of wool.

Commentator's Article

HK240246 Beijing RENMIN RIBAO in Chinese 19 Apr 86 p 4

[Commentator's article: "Implement the Policy of Letting the Peasants Have More Profits"]

[Text] In accordance with the requirement of serving production and the principle of letting the peasants have more profits, 55 township livestock centers of 6 counties in Jilin Province started the business of procuring wool. This has not only supported the local production of the sheep raising industry and satisfied the needs of woollen factories, but also expanded their scope of business. Therefore, they have achieved results in many areas, and their experience is worth being paid attention to.

Over the past 2 years, China faced a drop in the amount of sheep and the output volume of wool. One of the reasons is because the expenses of circulation were so high that the herdsmen could have only little profit. Why were the expenses of circulation so high? First, too many links in the circulation chain pushed the cost very high; and second, in terms of operation, some links in the circulation chain competed with the herdsmen for profits.

For instance, some localities implemented a 3-tier wholesale circulation channel in which level upon level of operation pushed up the cost and wasted a lot of time. In order to increase their own profits, some of them demanded a price so low that the peasants' and herdsmen's initiative of production was dampened. To link supply and demand is a duty of the circulation departments. But high expenses always hinder circulation. Other agricultural products also frequently face a similar situation in terms of circulation. It is therefore an important issue yet to be resolved in the course of reforming the circulation channels.

In order to eliminate the disadvantages of the links in the circulation chain, which is increasing charges and competing with the peasants and herdsmen for profits, we must put an end to the situation in which the operation is monopolized and there is only one circulation channel. Jilin Province took a bold attitude toward reforms and allowed livestock centers to run the wool business. This is a positive experiment of opening up new circulation channels and reducing the number of links in the circulation chain. At present, some localities rush into centralization of the right of procuring wool whenever there is a drop in wool output volume. Then, they return to the old way of allowing the supply and marketing cooperatives to monopolize the business. Therefore, they reduce the number of circulation channels and cannot invigorate production.

When we introduce more channels, reduce the number of links in the chain, and invigorate circulation, we should advocate the practice of letting the peasants have more profits and oppose that of competing for profits with them. It is impossible to run business and to offer services for the process of circulation without making any profits. But the profits must be made in a rational way. Production is the source, and circulation is the channel. How can there be a stream in a channel without headwaters? If a circulation department checks production because of profit competition, it will be unable to safeguard its operation. Only when we develop production can there be an endless supply of water in the channel. Therefore, no matter who organizes the circulation, he must understand clearly the dialectical relations between production and circulation, correctly handle the relations of interests of the producers and distributors, and voluntarily offer services to both suppliers and consumers.

At present, most of China's peasants are still not rich and have rather poor technological conditions for production. In particular, peasants engaging in planting and breeding industries have only rather poor economic results. Therefore, they need considerable help from various areas, including the circulation departments. When running the business of procuring wool, the 55 township livestock centers of Jilin Province returned through various forms most of the profits made. This is a far-sighted practice that brings benefits to both the state and the people. All other departments and units that offer services for agricultural production must attach great importance to the aspirations of the peasants and help them meet their needs. They should implement the policy of letting the peasants have more profits and firmly place their standpoint on the foundation of developing production.

FUJIAN'S JIA QINGLIN EXAMINES PARTY RECTIFICATION

OW231431 Fuzhou FUJIAN RIBAO in Chinese 11 Apr 86 p 1

[Text] A provincial conference on party rectification in rural areas ended on the afternoon of 9 April after 5 days in session. Jia Qinglin, deputy secretary of the provincial party committee, summed up the results of the conference; Zhang Yumin, member of the Standing Committee of the provincial party committee and deputy head of the provincial party committee's group for guiding party rectification, presided over the conference.

Comrade Jia Qinglin said that in carrying out party rectification in rural areas, it is necessary to uphold the principle of promoting and ensuring the development of reform and the economy. He then stressed that the following several problems must be properly solved while carrying out party rectification in townships and towns:

1. It is necessary to further have an accurate understanding of the party's policies on reform and economic development in the rural areas. In the course of party rectification, education on the situation and policies should be conducted among the large numbers of party members in the rural areas, and stress should be put in particular on the following four aspects: First, the contracted responsibility system based on the household will remain unchanged in the rural areas. This year's Document No 1 mentioned the need to develop a cooperative economy, but that absolutely does not mean carrying out "collectivization" as we did in the past; it means that peasants are in urgent need of servicing cooperation. Even such cooperation must be conducted on a voluntary basis. There must be no coercion, nor should we spoil things by excessive enthusiasm. From now on, all types of cooperative economy should be based on household economy as an individual unit and with servicing as its central content. In production, we must not engage in the practice of doing things in a massive and unplanned way; and in the distribution of income, we must refrain from sharing food from the same big pot. Second, we must firmly establish the guiding idea that "agriculture is the foundation of the national economy, and grain is the foundation of agriculture." Measures should be taken to support agriculture and grain production. While developing grain production, we should also boldly develop a diversified economy in order to promote all-round development of the rural economy. Third, it is necessary to implement the policy of achieving common prosperity by allowing some people to become prosperous first. Some people should be allowed to become prosperous first; common prosperity will be achieved through an economic spreading effect. This is the principle. Providing relief for the poor by the rich will only lead to common poverty. It is therefore necessary to commend party members who have been leading people in becoming better off. Party members who have become better off through hard work should be protected. The small number of cadres and party members who abuse their powers to seek personal gain, or use illegal means to reap staggering profits, should be sternly dealt with according to their individual cases. Fourth, it is necessary to vigorously guide and support the development of village and town enterprises. Problems discovered in the course of party rectification involving party members who run village and town enterprises are generally problems of education, except for the following: Problems of seeking personal gain by abusing one's power or at public expense, which should be sternly dealt with, and clear violation of party policies and principles and unreasonable rules on income distribution, which should be thoroughly handled. It is essential to protect party members' enthusiasm in developing village and town enterprises and invigorating the rural economy.

2. It is necessary to make helping poor areas eliminate poverty and achieve prosperity an important ideological guideline in party rectification. Supporting the poor in rural areas should be integrated with party rectification. Currently there are 11 poor counties and 153 poor townships in our province. To help them eliminate poverty and become better off, we need first of all a sympathetic attitude. We must be keenly aware of the need to eliminate poverty, and we must actively help the poor people to become better off. We must support them out of our profound feelings toward the people in the old revolutionary base areas. Second, we need a correct workstyle. We must go deep into the realities of life and show concern for the people's sufferings before we can successfully carry out this work. Third, we need to adopt effective measures. In the course of party rectification, cadres should foster the idea of settling down in the mountain areas and be determined to lead the masses in eliminating poverty and becoming better off. They should draw up plans and work out measures to produce visible results in 1 or 2 years.

3. It is necessary to firmly stop the malpractice of building houses on cultivated land. The spread of this malpractice has added to the seriousness of this question. To make the matter even worse, cadres have taken the lead in engaging in this unhealthy practice. Therefore, it is necessary to seriously resolve this unhealthy practice as a matter concerning party style and discipline. First, we must stop this unhealthy practice. Second, we must mobilize party members and cadres to investigate and correct themselves. We must seize upon some typical cases of party members or cadres knowingly committing this wrongdoing and refusing to mend their ways despite education and deal with them accordingly. Third, we must draw up plans to enable peasants to build houses.

4. It is necessary to seriously resolve the question of the unhealthy party practice of using one's official position for personal gains. This is something the masses are currently reacting most strongly to. For example, some party members have taken advantage of rural reform to occupy or divide collective property among themselves, some have refused to pay back debts owed to the collective, some have drawn dividends without actually putting in capital, at low prices some have contracted projects that are easy to operate and capable of producing quick returns and then subcontract them out at higher prices, some have assigned their unqualified children and relatives to work at profitable posts in rural enterprises, and some have indiscriminately collected charges and fines and divided them up among themselves. The masses will not be satisfied until these questions are properly resolved in the course of party rectification. In dealing with cases of using official positions for personal gains and of serious violations of law and discipline, especially in dealing with big or major cases of this nature, it is necessary to overcome all kinds of obstacles to find out the facts and strictly enforce discipline. Appropriate punishment should be meted out, including expulsion from the party. Those who violate the criminal law should be punished according to the law. It is hoped that correct party style will bring about an improvement of the entire social atmosphere.

5. It is necessary to change our workstyle when working at the grassroots level. It is necessary for cadres to overcome bureaucratism, in working at selected grassroots units, in conducting investigation and study, in exercising direct leadership, and in resolving problems on the spot.

6. It is necessary to carry out the building of leading bodies at the grassroots level. It is necessary to build up the leading bodies at the township and village levels to make them play a core role in the building of socialist material and spiritual civilization in the countryside. First of all, to build the leading bodies, it is necessary to resolve the problems of the existing leading bodies and cadres. It is necessary to readjust those leading bodies that have incompetent, incapable cadres and to assign qualified ones selected in the process of party rectification to fill the positions.

It is necessary to build the grass-roots organizations into a united core of leadership that has a correct ideological and political line, an upright workstyle, strong vigor, and high combat effectiveness.

In conclusion, Comrade Jia Qinglin said: It is essential to seriously strengthen leadership over rural rectification. It is necessary to continue implementing the system of touring inspectors and liaison men. It is necessary to integrate all departments and localities. Units stationed by various departments in towns or townships should carry out party rectification in accordance with the unified arrangements of the town or township party committee. At the same time, departmental guidance should be strengthened to resolve the question of unhealthy practices in various trades. It is also necessary to carry out the building of grass-roots organizations of the CYL and the women's federation in the course of party rectification.

RUI XINGWEN ADDRESSES SHANGHAI CULTURAL FORUM

OW250229 Shanghai City Service in Mandarin 0100 GMT 23 Apr 86

[Text] A forum aimed at helping literary and art creations in Shanghai to flourish ended in an atmosphere of unity, harmony and liveliness after holding session for 5 days. More than 500 people of literary and art circles in Shanghai freely aired their views on the current situation and future prospects. Leaders of the municipal party committee and of the literary and art circles held cordial discussions with the writers and artists on helping literary and art creations in Shanghai to flourish. The forum closed 3 days later than scheduled.

Comrade Rui Xingwen fielded questions by representatives at the forum at the literature and art hall on 22 April. Dwelling on the party's literary and art policy, Comrade Rui Xingwen said: Literature and art must serve the people and society. The party's basic policy toward literary and art creations is to let a hundred flowers bloom and a hundred schools of thought contend. The Shanghai Municipal Party Committee is delighted to implement this policy of the CPC Central Committee, and provide such favorable conditions as soil, water, fertilizer and sunlight for literary and art creations and enable the writers and artists to boldly engage in creative works without fear. The municipal party committee permits mistakes and encourages writers and artists to correct their mistakes. Rui Xingwen urged the writers and artists to enhance their sense of responsibility toward society, follow the party's literary and art policy, and improve their creative abilities by reflecting deeply on life. He also urged them to strengthen their theoretical work and promote criticism in literature and art.

In conclusion, Comrade Rui Xingwen also expressed the hope that the literary and art circles would show concern for reform of the literary and art system. He said: As a fertile land in literary and art creations, many great writers and artists have emerged from and grown up in Shanghai. A great epoch is bound to produce great writers and artists. A great epoch of flourishing literary and art creations has descended upon China; likewise, it is sure to descend upon Shanghai as well.

GUANGXI'S CHEN HUIGUANG ATTENDS CPC SESSION

HK260440 Nanning Guangxi Regional Service in Mandarin 1100 GMT 23 Apr 86

[Text] On 22 April, leading comrades of the regional CPC Committee, including Chen Huiguang and Jin Baosheng, relayed the spirit of the Second Plenary Session of the Fifth Regional CPC Committee to responsible persons of all democratic parties and the federation of industry and commerce of the region and to nonparty democratic personages. Attending this meeting were the responsible persons of all democratic parties and the federation of industry and commerce of the region and nonparty democratic personages, including Huang Qihan, Mo Naiqun, Lu Yunnan, Zhang Jingning, Sun Zhongyi, Huang Dufeng, (Mo Wenbiao), Shi Zhaotang, Gan Huaiyi, Wu Keqing, Yang Taiyang, and (Mo Xuguang).

At the meeting, Comrade Chen Huiguang said: This plenary session of the regional CPC Committee mainly discussed the suggestions on the outline of the regional Seventh 5-Year Plan. He introduced the guiding ideology and main target of our regional Seventh 5-Year Plan and the main measures for carrying it out. He asserted that all democratic parties and people of the whole region must unite as one, work with one heart and one mind, and further promote stability and unity. He hoped that all democratic parties, federations of industry and commerce, and nonparty democratic personages would make new contributions toward the realization of our regional Seventh 5-Year Plan.

At the meeting, Comrade Jin Baosheng introduced the views of the regional CPC Committee on strengthening the building of spiritual civilization and on strengthening ideological and political work in our region.

GUANGXI PEOPLE'S CONGRESS SESSION OPENS 25 APR

HK260207 Nanning Guangxi Regional Service in Mandarin 2300 GMT 25 Apr 86

[Excerpts] The Fourth Session of the Sixth Guangxi Regional People's Congress opened in Nanning on 25 April. The main tasks of the session are to sum up the region's achievements in building the two civilizations during the Sixth 5-Year Plan and to decide on the Seventh 5-Year Plan goals. Wei Chunshu, chairman of the regional People's Government, delivered a report on the outline of the region's Seventh 5-Year Plan. He called on the people of all nationalities to work in concert and strive to fulfill the targets of this plan and to invigorate Guangxi.

The executive chairmen at the opening ceremony were Chen Huiguang, Gan Ku, Huang Yun, Qin Yingji, Jin Baosheng, Zhong Feng, Li Yindan, Gan Huaiyu, Qin Zhenwei, and (Zhang Jinming). Comrade Gan Kun declared the session open at 0800.

Chairman Wei Chushu's report was in 5 parts, totalling 25,000 characters. The first part dealt with the execution of the Sixth 5-Year Plan in Guangxi. Part two dealt with the goals and main tasks in economic and social development during the Seventh 5-Year Plan. He said [begin recording]: In our economic and social development during the Seventh 5-Year Plan, we must continue to implement the instructions of the CPC Central Committee Secretariat on work in Guangxi and the spirit of the important speech of Comrade Hu Yaobang delivered during his inspection of the region. We must carry out reform in depth, uphold the principle of invigorating the domestic economy and opening up to the world, relax the policies, harmonize the relationships, take advantage of our strong points, improve economic results in an all-round way, and achieve a growth rate slightly higher than both the Sixth 5-Year Plan in the region and the Seventh 5-Year Plan in the whole country. [end recording]

In this part of the report, Chairman Wei Chushu proposed 10 major tasks for social and economic development during the Seventh 5-Year Plan: 1) vigorously strengthen agriculture, the foundation; 2) maintain a relatively high and sustained and steady growth rate in industrial production; 3) rationally readjust the structure of investment in fixed assets and improve the results of investment; 4) make the urban and rural markets prosper and improve circulation services; 5) actively develop external economic relations and trade and tourism; 6) vigorously organize financial revenue and bring into full play the role of bank capital; 7) spur the progress of science and technology and increase the work of exploiting brain-power; 8) improve the work of supporting poor areas; 9) gradually improve people's material and cultural living standards; and 10) strive to control population growth.

Part three of the report was entitled "Make rational arrangements and take advantage of strong points." Wei Chushu said: [begin recording]: During the Seventh 5-Year Plan, guided by the principles for the economic arrangements of the whole country, we must base our efforts on the region's actual conditions in further readjusting the production structure and arranging production patterns in a rational way. We must stress our strong points, avoid the weak ones, take advantage of our resources, and lay the foundation for initially establishing and forming a competitive economic basis and structure with Guangxi's own characteristics. We should create excellent conditions for economic invigoration during the 1990's. [end recording]

Part four of the report was entitled "Put reform in the first place." Chairman Wei Chushu said [begin recording]: In order to fulfill the construction tasks for the region during the Seventh 5-Year Plan, the key lies in continuing to carry out far-reaching and systematic reform of the economic structure. We should accelerate the work of forming a complete set of reforms, harmonize the various relationships, and fully mobilize the enthusiasm and creativity of the enterprises and laborers. All areas, departments, and enterprises must put reform in first place. [end recording]

Part five of the report was entitled "Vigorously increase the building of socialist spiritual civilization." Chairman Wei Chushu pointed out that we should grasp at present and for a time to come the following tasks: 1) Strengthen and improve ideological and political work. 2) Resolutely correct unhealthy trends. 3) Bring socialist democracy into fuller play and put the socialist legal system on a sound basis. 4) Continue to promote the drive for five stresses, four beauties, and three loves, and the joint building of civilization by army and people.

The session held its second full gathering in the afternoon. (Xie Zhixiong), chairman of the regional planning commission, reported on the draft of the 1986 plan for national economic and social development in the region. (Liu Mingshan), deputy director of the regional finance department, reported on the final accounts for 1985 and the draft budget for 1986. Executive chairman Li Yindan presided.

HANDLING CAPACITY INCREASED AT HAIKOU HARBOR

HK221552 Beijing ZHONGGUO XINWEN SHE in Chinese 1357 GMT 18 Apr 86

[Text] Guangzhou, 18 Apr (ZHONGGUO XINWEN SHE) -- The main part of a key construction project on Hainan Island -- the building of two berths for 5,000-ton class vessels in Haikou Harbor -- was completed on 12 April. After the project is put into operation, the handling capacity of Haikou Harbor will increase by 550,000 tons per year. The two berths occupy an area of 140,000 square meters. They can be used by two 5,000 ton ships at the same time or can be used by one docked container ship.

CHANGING PREVAILING HABITS, CUSTOMS EMPHASIZED

HK260915 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 24 Apr 86

[News center commentator's article: "Change the Prevailing Habits and Customs and Build Spiritual Civilization"]

[Excerpts] In recent years, rural areas have successfully carried out economic reform, agricultural production has developed, and peasants have become rich. The peasants are very satisfied with this. However, we must see that while we are concentrating our energy on grasping reform and production, the phenomenon of relaxing ideological and political work and disregarding the building of spiritual civilization really exists. This provides opportunity for unhealthy trends, including extravagant wedding and funeral ceremonies, feudal and superstitious practices, and gambling, to gain ground.

The lessons of some places tell us that if we do not take effective measures to resolutely curb these unhealthy trends, not only can we not realize the target of fundamentally improving the general mood of society of the rural areas, but also the great achievements scored in economic reform will be sabotaged. Therefore, party organizations at all levels must grasp curbing these unhealthy trends and changing the prevailing habits and customs as an important matter of doing a good job in the building of two civilizations. They must by no means lower their guard.

At the same time, like Liuzhuang, Xinxiang county, and Xingyang, Huaiyang, and Zhecheng, we must establish a new organization system and have a varied and colorful cultural life in rural areas so that these unhealthy trends cannot enter them.

HUNAN'S MAO ZHIYONG MEETS BASIC LAW STUDY CADRES

HK240705 Changsha Hunan Provincial Service in Mandarin 1100 GMT 23 Apr 86

[Text] The second 15-day basic law study class attended by cadres at provincial department and bureau levels ended in Shaoshan on 22 April. The 97 students in the class, earnestly studied the basic theory of law and basic knowledge about the Constitution and criminal and contract law. They took an exam on the afternoon of 21 April. Dong Zhiwen, Standing Committee member of the Provincial CPC Committee, was among them. The average grade of the students in the examination was 96.5.

On the afternoon of 19 April, Bo Yibo, vice chairman of the CPC Central Advisory Commission; Mao Zhiyong, secretary of the Provincial CPC Committee, Wan Da, chairman of the Provincial Advisory Committee; and Wang Zhiguo, vice chairman of the Provincial Advisory Committee, met with the students and had a group photo taken with them to mark the occasion.

BRIEFS

HUBEI METEORITE SHOWER -- Beijing 17 Apr (XINHUA) -- A meteorite shower fell Tuesday evening on the outskirts of Shuizhou City, Hubei Province, today's PEOPLE'S DAILY reported. It covered an area of 25 square kilometers. The largest meteorite found weighs 55 kilograms, the smallest 2.35 kilograms, the paper said. They have black surfaces and grey cores, containing both metal and nonmetal elements, said the paper, quoting local scientists. The paper made no mention of whether there were injuries or deaths. [Text] [Beijing XINHUA in English 1115 GMT 17 Apr 86 OW]

SICHUAN'S YANG RUDAI ATTENDS S & T FORUM 14-18 APR

HK230219 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 20 Apr 86

[Text] In order to make the front of science and technology better serve the goal of invigorating the economy and further promoting the province's rural economic development during the Seventh 5-Year Plan period, the provincial scientific and technological commission, as well as the provincial scientific and technological association held a joint symposium in Chengdu between 14 and 18 April, on local science and technology work. Yang Rudai, secretary of the provincial CPC Committee, attended the symposium and held a forum of responsible people of prefectural, city and autonomous prefectural scientific and technological committees, as well as scientific and technological associations. He listened to their suggestions and made a speech. Governor Jiang Minkuan, as well as Vice Governors Gu Jinchi and Kang Zhenhuang, delivered speeches at the symposium.

The symposium held that the province's present situation in the rural areas is very good. Following the first stage of reforms, the rural areas have adopted a relaxed attitude and have become invigorated. Through reforms, the areas have readjusted rural production relations and shaken off fettered productive forces, thereby promoting the peasants' initiative of production and the development of rural economy. However, we must realize that in order to continue to develop this good situation, we must greatly develop the rural commodity economy. Now, to mobilize the peasants' production initiative by simply relying on policies has become outmoded. Instead, we must give full play to the role of science and technology in developing the rural economy. Thus, we should rely on policies on the one hand, and science and technology on the other. This year's Central Document No 1 clearly pointed out that science and technology must serve the rural economy, and when developing the rural economy, we must rely on science and technology. We should take this as an important principle, and thoroughly understand and implement it. We must use modern science and technology to promote the development of the rural economy, so as to constantly improve the scientific and technological standards of agricultural production, and to greatly improve economic results.

At the meeting with responsible people of prefectural, city and autonomous prefectural, scientific and technological committees and associations, Comrade Yang Rudai stressed: For the sake of the common goal, the scientific and technological committees and associations must make concerted efforts and be united. Only thus can the two strengthen their power and succeed in the work. Only thus can the two invigorate the local economies and serve the four modernizations and the work of quadrupling the output value.

SICHUAN SECRETARY ADDRESSES POLITICAL-LEGAL MEETING

HK230309 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 23 Apr 86

[Excerpts] On the morning of 20 April, at a provincial political and legal work conference, provincial CPC Committee Secretary Yang Rudai delivered a speech on applying the fundamental tenets of Marxism-Leninism to completely and deeply understand socialist democracy and the socialist legal system, to strengthen and reform political and legal work, and to serve the building of socialist material and spiritual civilization even better.

In his speech, Comrade Yang Rudai said that it is necessary to treat building a high degree of socialist democracy and a socialist legal system as strategic targets and basic tasks and to firmly take them up. To strengthen the building of the legal system it is necessary to strengthen the democratic dictatorship of the people.

He said that the strategic guiding thought of grasping construction on the one hand and the legal system on the other hand is a development of the theory of the democratic dictatorship of the people since the 3d Plenary Session of the 11th CPC Central Committee. To adhere to and strengthen the building of the democratic dictatorship of the people, on the one hand, we must carry forward socialist democracy and make it a regular legal system; on the other hand, we must strengthen dictatorship and adhere to the principle of punishing, according to the law, those criminal elements who undermine socialist construction and public order. At present, we must hit hard at serious crimes and economic crimes. Comrade Yang Rudai stressed that in dealing with economic crimes, we must pay attention to protecting the lawful interests of the people and collective units, and the lawful interests of specialized households in particular.

XIZANG DESTROYS CONFISCATED PORNOGRAPHIC ARTICLES

HK260927 Lhasa Xizang Regional Service in Mandarin 1130 GMT 24 Apr 86

[Text] On the afternoon of 23 April, the regional public security department destroyed a batch of confiscated pornographic articles in its yard. The majority of these pornographic articles were seized from foreign businessmen by the public security organs and custom house of our region; a small number was seized within our region. These pornographic articles included videotapes, handwritten copies, all kinds of picture albums, toys, picture calendars, lighters, books, periodicals, and ball point pens. These pornographic articles poisoned people's ideology, included crime, and were very harmful.

To protect the physical and mental health of the people, particularly young people and juveniles, uphold social order, and guarantee the smooth progress of reform of the economic structure and of structural reform of our region, in compliance with the State Council's regulations on strictly prohibiting pornographic articles and under the supervision of the regional discipline inspection commission, the regional public security department destroyed this batch of seized and confiscated pornographic articles.

The pornographic articles were destroyed under the supervision of Gyanincain Norbu, deputy secretary of the regional CPC Committee and secretary of the regional Political and Legal Affairs Commission; Zi Cheng, president of the regional People's Higher Court and deputy secretary of the regional Political and Legal Affairs Commission; Baimaduojie, director of the regional Public Security Department; (Zhaxi Pingcuo), director of the regional Civil Affairs Department; and Xiang Dong, regional Discipline Inspection Commission Standing Committee member.

XIZANG OFFICIAL ARRESTED; CHARGED WITH EMBEZZLEMENT

HK251434 Hong Kong AFP in English 1409 GMT 25 Apr 86

[Text] Beijing, April 25 (AFP) -- A Tibet official has been arrested and charged with pocketing more than 30,000 yuan (9,400 dollars), a Chinese newspaper here said Friday. It was the first economic crime case from Tibet reported in the Chinese media. The law journal said Ge Dingyuan had kept 5,000 yuan (1,567 dollars) while overseeing the budgets for 43 major construction projects. Then after being appointed director of the Urban Bureau in 1984, he pocketed 26,000 yuan (8,150 dollars) and had two apartments built for himself in the Tibetan capital Lhasa and the Sichuan capital Chengdu, the paper said. The paper criticized him for participating in the "destruction of the building of Tibet," an autonomous region in China. Chinese authorities at the beginning of the year launched a drive against economic crime, threatening those guilty with the death penalty.

LI GUIXIAN INSPECTS EASTERN LIAONING MOUNTAINS

SK271253 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 23 Apr 86

[Text] Comrade Li Guixian, secretary of the provincial CPC Committee, carried out an investigation and studies among the mountainous areas in eastern Liaoning from mid-March to mid-April and instructed them to accelerate their pace of promoting the economy in order to become wealthy and to strive to thoroughly change their outlook within the next 5 or 6 years.

Comrade Li Guixian went in succession to Xifeng, Liaoyang, Huanren, Benxi, Fengcheng, Kuandian, Xiuyan, Donggou, and Haicheng counties to make a 21-day investigation tour. During his tour, he learned about the situation as he went along and held discussions while carrying out investigations and studies, in which he explored jointly, with cadres and the masses, the road of combating poverty and becoming wealthy in the mountainous areas. In his speeches at the discussions, he pointed out that the mountainous areas of eastern Liaoning occupy an important position and play an important role in developing the economy and society in the province. Success in building these areas not only has a crucial bearing on enabling mountainous areas to break away from poverty in order to become wealthy, but also has important strategic significance in maintaining an ecological balance in the province and making smooth progress in implementing the Seventh 5-Year Plan and building the four modernizations. He repeatedly stressed that efforts should be made to earnestly develop the forestry resources as a main task in building a diversified economy in mountainous areas. We should maintain the mountains well as long as we live in them. The people in mountainous areas will become wealthy if their mountains are full of luxuriant forests. Otherwise, they will be poor.

During his investigation tour at (Xiaoshutaizi) village in Baoshan township, Fengcheng county, after inspecting the disaster-stricken areas, he pointed out that the lesson we had experienced was profound. We can hardly maintain farmland well if we fail to maintain the mountains well. If we fail to develop the mountains and to cope with the problems of the mountains though we live in mountainous areas, we will not only be unable to become wealthy, but our living conditions will suffer as well.

During his investigation tour in Huanren and Kuandian counties, he fully acknowledged the achievements scored by some localities in achieving a higher rate in forest vegetation and preliminarily setting up vegetation systems at various levels, which had been well arranged with shelter, timber, and cash forests mixed with high trees and bushes. He also pointed out that the mountainous areas of eastern Liaoning must follow the road of forestry undertakings as a main task in a diversified economy.

During his investigation tour, Li Guixian also stressed that efforts should be made to firmly grasp the key task and the crucial link in building mountainous areas, to develop undertakings with strong points, and to actively carry out a diversified economy so that products in short supply can support those in excessive supply and so that both can complement each other. He also stated: Our standpoint is aimed at enabling the natural strong points of mountainous areas to become commodity and economic strong points as soon as possible. The provincial, city, county, and township authorities should concentrate their efforts on increasing the function of yielding results in business. For instance, the work to vigorously increase the variety of black fungus can motivate thousands upon thousands of households to engage in fungus production.

During his investigation tour, Li Guixian also stressed that, in developing a diversified economy, it is imperative to enhance scientific management, to stress economic results, and to achieve an intensive economy.

He stated that efforts should be made to educate cadres and the masses to eliminate their shortsighted view, to operate open businesses, to follow the traditional viewpoint of planting and harvesting wide-range crops, and to foster an efficient view of investing less funds and turning out more results. During his investigation tour, Comrade Li Guixian held many discussions with cadres, scientific and technical personnel, and teachers of various counties, townships, and villages, in which he urged them to set examples in striking roots in mountainous areas and undertaking construction there. He also repeatedly warned cadres at all levels to pay attention to the weal and woe of the masses and to foster the viewpoint of serving the people. He said to some comrades of the party committees at the county level that the county CPC committees should concentrate their efforts on building mountainous areas. In presenting questions and doing things, we should proceed from the interest of the people and share the comforts and hardships of the masses.

LIAONING GOVERNOR STRESSES LATERAL ECONOMIC TIES

OW260941 Beijing XINHUA Domestic Service in Chinese 0737 GMT 24 Apr 86

[By reporter Ge Daxin]

[Excerpt] Beijing, 24 Apr (XINHUA) -- Faced with a new situation in which lateral economic ties are sweeping away obstacles that have blocked the development of social productive forces, Liaoning province's economic departments have strengthened their concept of service and are making every effort to eliminate obstacles blocking the promotion of lateral economic ties and to guide the trend to develop on a sound course.

Quan Shuren, governor of Liaoning province who recently attended a meeting in Beijing, told this reporter of two examples. When lateral ties among provincial enterprises were first introduced in Liaoning a couple of years ago, several bearing plants got together to set up a transregional bearing company with the Wafangdian Bearing Plant near Dalian city as their nucleus. They did improve specialized cooperation and raise economic results. However, unable to free themselves from regional control, several enterprises failed to secure needed funds and materials from the local departments, thus putting the joint venture in a predicament. The other example is an entirely different story. Not long ago, when the Fushun Electromagnetics Plant convinced 10 other enterprises both inside and outside the province to set up a group electromagnet enterprise, it encountered a serious shortage of funds. Thereupon, the Fushun City Bank of Industry and Commerce cooperated with five other local banks concerned to give transregional financial support to the joint electromagnetics enterprise. The result was that the growing enterprise group raised the funds, and the banks also benefited from its development.

Quan Shuren said that such examples have enlightened Liaoning's economic departments to the fact that in the new situation of fast and irresistible development of lateral ties, the economic departments will fall far behind if they only try to promote cooperation among enterprises. In addition, they must deepen the reform, remove all obstacles, and guide the development of lateral economic ties onto a sound course.

Since last year, responsible persons of the Liaoning Provincial CPC Committee and the Liaoning Provincial People's Government have led leading cadres of departments concerned to visit various localities in the province and earnestly studied new situations and solved new problems encountered in the development of lateral ties among the enterprises. Based on the above study and in view of the practical problems, such as funds, materiel, finance, taxes, statistics, and specialized management encountered in promoting lateral ties, Liaoning Province has implemented a number of new policies and regulations on a trial basis to meet the province's actual needs which have been well received by the enterprises and have accelerated the development of lateral economic ties.

NINGXIA SENDS CADRES TO PERFORM GRASS-ROOTS WORK

HK260353 Yinchuan NINGXIA RIBAO in Chinese 16 Apr 86 p 1

[Report: "Ningxia Sends 1,000 of Its Cadres at and Above County Level To Do Grass-roots Work in the Countryside"]

[Text] In order to implement Central Document No 1 and put the spirit of the central leaders' instructions into practice, and also in order to help poor areas change their conditions and strengthen grass-roots work so as to realize the strategic objective of "letting Ningxia be the first to shake off poverty," the CPC Committee of the autonomous region has decided to send 1,000 cadres from regional, prefectural, and county organs to help the rural work at the grass-roots level. Among these cadres, 200 from various regional organs will be sent to 21 poor townships, with each regional department being responsible for helping 1 township. The personnel sent to the countryside will be changed every year. They are required to help the townships shake off poverty in 3 years.

This decision of the regional party committee is warmly welcomed by grass-roots cadres and the masses, and is also firmly supported by cadres in various government and party leading organs at various levels. Some cadres in regional organs voluntarily ask to be sent to the countryside. A cadre meeting was held between 8 and 14 April to arrange the work of sending cadres from regional organs to the countryside to help grass-roots work. Regional leading comrades Ma Yingliang, Ma Sizhong, and Cai Zhulin made mobilizing speeches at the meeting. Regional party committee Secretary Li Xuezhi made an important speech at the meeting on 14 April. He said that cadres going to the countryside to help poor areas change their conditions as rapidly as possible is a major measure for training our cadres and is a concrete step for implementing the central instruction that leading organs should serve the grassroots units and the masses.

It is of great significance in carrying forward the party's fine tradition and style, overcoming bureaucracy and improving office work style. This measure will also effectively cultivate our young and middle-aged cadres. Comrade Li Xuezhi said that in recent years, the condition of the mountainous areas in southern Ningxia has changed greatly, but there are still 40 townships in which the per capital income of 20 percent of the peasant households is below 100 yuan a year. These peasants still cannot get sufficient food and clothing.

This is a major problem that affects Ningxia's economic development. This time, the measure of sending cadres to help work in the poor areas will definitely help change the backward conditions in the mountainous areas and promote Ningxia's economic development. Meanwhile, the poor areas are mostly inhabited by national minorities. So, changing the economic conditions of these areas is not only an economic task, but is also a political task concerning the consolidation of nationality unity and progress.

As for the arrangement of each regional department taking responsibility for helping a poor township, Comrade Li Xuezhi said that we should give more publicity to the party's principles and policies, unite all grassroots cadres and the masses, and encourage them to rely on their own efforts, display a hardworking spirit, and strive to increase incomes through planting more trees and forage grass, raising more animals, and conducting diverse economic activities. We must ensure that the poor conditions in those areas will basically be changed within 3 years.

To achieve this purpose, we should: first, carry out an all-round examination of the implementation of various rural policies and take measures to ensure better implementation of these policies; second, carry out investigation to find out the favorable conditions in those poor areas to work out realistic and effective measures for developing commodity production; third, pay attention to the work of planting trees and forage grass, conducting farmland transformation, building roads and electricity transmission facilities to lay a foundation for long-term development, and at the same time focus on the development of cash crops production, animal husbandry, household sideline production, and various rural industries that require modest investments and yield quick returns; fourth, attach importance to the work of introducing advanced technologies to the mountainous areas and relaxing control over the economic activities there to develop products and industries which are in a competitive position on the markets; fifth, give priority to cultural development there and realize compulsory elementary education in 3 years, and at the same time lower the population growth rate to below 1.5 percent; sixth, to properly implement party rectification.

In his speech, Comrade Li Xuezhi expressed his ardent hope that comrades who go to help grassroots work will bear in mind the party's principle of serving the people wholeheartedly, take the lead in maintaining a good party style and in seriously studying Marxism-Leninism-Mao Zedong thought and the party's policies, maintain close ties with the masses and cherish a realistic attitude and a hardworking spirit, and achieve good results in their work when they finish their 1-year stay in the countryside.

URUMQI MEETING COMMENDS DEMOBILIZED ARMY CADRES

HK240526 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 22 Apr 86

[Excerpts] The first regional meeting on commending advanced demobilized Army cadres and advanced units in resettling demobilized Army cadres opened in Urumqi on the morning of 22 April. Of the 300 delegates attending the meeting, some are incumbent factory managers, some are model workers fighting on the first line, some are outstanding cadres working in party and government administrative organs, and some are advanced people who have made remarkable achievements in political, legal, cultural, educational, public health, and scientific research units. Many of them rendered outstanding service when they were in Army, and they have now been awarded the titles of outstanding party members, advanced workers, and various pacesetters.

This meeting will earnestly sum up and extensively exchange advanced experiences in resettling demobilized army cadres, give much publicity to the advanced deeds of demobilized Army cadres in building the four modernizations, commend the advanced, and set up pacemakers to promote the mass campaign in the region for respecting and cherishing the army and vigorously supporting the Army in carrying out construction and reform.

At today's meeting, Tomur Dawamat, chairman of the regional government, delivered an opening speech. Huang Baozhang, vice chairman of the regional People's Government, delivered a report on resettlement of demobilized Army cadres. (Liu Huijie), deputy director of the resettling demobilized Army cadres office under the State Council, spoke.

POWER POLITICS METHOD TO COMBAT TERRORISM DENOUNCED

HK231001 Hong Kong WEN WEI PO in Chinese 22 Apr 86 p 2

[Editorial: "Power Politics Should Not Be Used in Dealing With Terrorism"]

[Text] Last week's U.S. air raids on Libya have brought more grave consequences than last month's military conflict between the two sides in the Gulf of Sidra. The U.S. bombing raids were launched under the pretext of opposing terrorism. People of the world who bitterly hate terrorism should have warmly applauded the action. However, things are quite different. Except for Mrs. Thatcher, leaders of most countries in the world did not support Reagan's action. Moreover, anti-U.S. demonstrations, on an unprecedented scale since the Vietnam war, were held in many major cities throughout Western Europe last weekend.

Of course, this does not mean that people are sympathetic to terrorism. In fact, terrorism has become a malignant tumor in today's international political life. Kidnappings, assassinations, hijackings, bombings, and detaining of hostages are now taking place one after another. They are endangering many innocent, common people. People intensely dislike such evil deeds and hope to see them stopped. However, there are different views on how to deal with terrorism. The U.S. air raid on Libya has stirred up strong reactions in many countries of the world. This is not just because the attack was a violation of international law and undertaken without heeding the warnings of others, but because it is impossible to eliminate terrorism by using violence to counter violence. This only makes the Middle East issue more complex. Developments in the past few days have shown that people's worries are justified.

The air strikes have unleashed an endless stream of abusive propaganda between the United States and Libya. Ronald Reagan, George Bush, and other U.S. leaders have repeatedly said that the United States might do it again if necessary; Libya has also threatened retaliation. Although the two sides have not had another trial of strength with their modern weapons, other sensational incidents, which people abhor, have occurred one after another. In Lebanon, two kidnapped Britons were shot dead and another was kidnapped. In London, an attempted bombing of an Israeli airliner was discovered. If the United States unleashes another attack by claiming Libya's involvement in these incidents, the tense situation in the Mediterranean will no doubt become more intense and likely deteriorate.

There is fertile soil for terrorism in the Middle East. The complicated Palestine issue, which has been burning for nearly half a century, has produced a long-term confrontation between the Arab countries and Israel. The internal disorder in Lebanon and the endless war between Iran and Iraq have increasingly complicated the Middle East question. Libya, which has long been accused of having close ties with many terrorist organizations, has provided terrorists with large sums of money and weapons. If there were only one terrorist center in the world, it would be easy to deal with. Unfortunately things are not that simple. If Libya, which has a population of only 3 million, were forced to knuckle under, this would not mean that millions of Palestinians living in exile in many countries indeed the entire Arab world, would have been forced into submission. As long as the Middle East issue is unresolved there is still fertile soil for terrorism.

Knowing the historical background of terrorism, it is not difficult for us to realize that the task of eliminating terrorism can only be solved by political means. Following the U.S. air raid on Libya, it has become apparent that leaders of many countries agree that there is a problem.

The foreign ministers conference of the European Common Market adopted a resolution to apply sanctions against Libya, though it did not openly support the U.S. air raid. This recent event will certainly change Libya's policies, to some extent. The Libyan representative at the UN General Assembly declared that his country hoped to have a dialogue with the United States. How to take advantage of the present situation and to encourage cooperation between various countries in dealing with terrorism is an issue for all far-sighted statesmen to consider.

PART II: FOREIGN TRADE, INVESTMENT POLICY DETAILED

HK231340 Hong Kong WEN WEI PO in Chinese 18 Apr 86 p 10

[Article by Wu Chao [2976 6389], consultant researcher and deputy head of the Foreign Economic Relations Group of the Economic, Technological, and Social Development Research Center of the State Council: "China's Policy for Absorbing Direct Investment" -- second and last installment -- This article, slightly abridged by WEN WEI PO, was originally a speech at a symposium on "China's foreign trade and investment"]

[Text] Foreign investors are interested in making investments in China since it is one of the world's largest markets. They are very concerned about whether the merchandise produced by their enterprises in China can be sold in the country and, if so, what the sales percentage will be. It is reasonable for China to demand that foreign-invested enterprises in China sell a certain quantity of their products abroad and do their best to maintain a positive balance of payments in foreign exchange. The reasons are as follows:

- 1) The establishment, production, and operation of foreign-invested enterprises require foreign exchange funds. For example, the bonuses of these enterprises, the wages of their employees who come from abroad, and the money for importing raw materials, equipment, and parts must be paid in foreign currency. Foreign-invested enterprises will have no foreign exchange earnings if they are not allowed to sell a certain quantity of their products abroad.
- 2) The products produced by the advanced technology introduced by foreign-invested enterprises must be tested in the course of competition in the international market so that constant improvement in technology and operations can be made.
- 3) It is necessary to combine China's favorable conditions with those of foreign businessmen for the purpose of exploring the international market in a more effective way. This is one of China's purposes of running foreign-invested enterprises.

In addition, the Chinese Government adopts realistic, flexible methods for specific analysis of conditions dealing with different problems in different ways with regard to opening the domestic market to foreign-invested enterprises. China will provide foreign-invested enterprises with part of its domestic market for them to sell advanced equipment China needs or products China has to import from foreign countries.

However, some foreign-invested enterprises find it difficult to maintain a favorable balance of payments in foreign exchange. To settle this problem as appropriately as possible, on 15 January 1986 the State Council promulgated the "Regulations Concerning the Favorable Balance of Payments in Joint Ventures' Foreign Exchange." The nine methods stipulated by the regulations have played an important role in maintaining a foreign exchange balance for joint-capital enterprises and Sino-foreign cooperatively run enterprises.

Methods for Solving the Problem of a Foreign Exchange Balance

Practical experience in running foreign-invested enterprises over the past few years suggests that to appropriately maintain a foreign exchange balance, it is necessary to proceed from the following:

Cooperation projects must be appropriately selected. This is a prerequisite for foreign-invested enterprises to solve the problem of maintaining a foreign exchange balance. Foreign-invested enterprises which have been run with China's approval over the past few years can be classified into the following categories: 1) enterprises that make foreign exchange earnings through exports; 2) enterprises that produce import substitutes; 3) enterprises that transfer technology; and 4) enterprises that seek domestic profit.

Enterprises that make foreign exchange earnings through exports market all or most of their products abroad, and their foreign exchange income exceeds their foreign exchange expenditures. Enterprises in this category are very recommendable in China.

Enterprises that produce import substitutes refer to enterprises that can manufacture products to substitute for those imported by China to meet its urgent needs. These enterprises can carry out the production of import substitution products with the approval of the responsible departments of the State Council or local responsible departments according to the quality and size requirements for such products and the need for importing such products. But joint-venture contracts or contracts for production and demand signed by both sides must explicitly provide that foreign exchange expenses for the production of import substitution products must be put in the state's long-term or annual plan for the use of foreign exchange according to the State Council's relevant regulations on the procedures for submission and approval. Over the past few years, China has imported cars, color television sets, refrigerators, recorders, and cameras for the purpose of regulating domestic market supply and withdrawing some money from circulation. But these commodities have been imported with a little surplus in our foreign exchange balance to meet a temporary demand. They are not to meet China's long-term or urgent demands. Therefore, enterprises producing these products do not belong to the second category.

By enterprises that transfer technology, we mean those foreign cooperators who provide advanced or key technology to facilitate the production of advanced products or top quality products which are competitive on the international market. In case the country urgently needs such products, preferential treatment can be provided for the production of these products with the approval of the responsible departments concerned. The percentage and quantity of products to be sold on the domestic market must be explicitly explained in the contract signed by both parties.

There should be a percentage of overseas sales for the products manufactured by enterprises of the second and third categories, to test their competitiveness on the international market, to renew their products, and to enable them to reach advanced international levels.

Enterprises in the fourth category consist mainly of two types: The first type is enterprises which use the price disparity between domestic and foreign markets to import a large quantity of assembly parts and components to be assembled for the domestic market at a profit. Apart from being unable to export their products (sometimes they are allowed to export a small quantity of their products), they have to use a large amount of foreign exchange to import assembly parts and components and for maintenance and servicing. In addition, they also have to import some goods with foreign exchange earnings. Some of them sell their products for foreign trade purposes and others to domestic citizens.

Those which sell their products for foreign trade purposes can have some foreign exchange earnings, but those which sell their products to domestic citizens cannot have foreign exchange earnings at all. Limitations will be imposed on the number of this type of enterprises in the future.

Second, preparations before work is started include selecting the products to be produced, sorting out suggestions, and engaging in feasibility studies. Of these, the most important is to engage in feasibility studies. In carrying out a feasibility study, attention must be paid to the following two points: One is the support of raw materials, components, and parts, and the other is the sales of products. The latter is more important than the former. Through making a feasibility study of the above supply and sales, foreign-invested enterprises will have a clear idea of their foreign exchange balance after going into operation.

In the study of the sales of products, it is important to do a good job in forecasting the international market demand so that foreign-invested enterprises can have a good understanding of the international market situation before selling their products abroad. With regard to import substitutes and technological transfers, we should know what can and cannot be substituted as well as the percentage of substitution; what can and cannot be sold in the domestic market as well as the percentage of sales; and whether a favorable balance of payments in foreign exchange can be maintained. Furthermore, we should also do our best to select the products to be sold to facilitate signing contracts for producing these products.

Third, the country should be helped in such a manner that it will gradually be able to manufacture the components, parts, and materials for the products concerned. There are two conditions for foreign-invested enterprises to maintain a favorable balance of payments in foreign exchange: One is to export all or the larger part of their products, and the other is to use China-made materials, components, and parts. In the initial stage of operations, it may be difficult for some enterprises to use China-made materials, components, and parts in their production, as China cannot meet the requirements for variety, quality, sizes, prices, and delivery. But in the long run and viewed from maintaining a favorable balance of payments in foreign exchange, it is necessary and possible to study how to help China manufacture the materials, components, and parts concerned. In undertaking a feasibility study of the products to be produced, we should work out a plan on enabling the country to manufacture the materials, components, and parts concerned, and the departments concerned should build horizontal relationships with foreign-invested enterprises. If necessary, they can sign long-term contracts for supply and demand and form a fixed supply channel.

Fourth, it is necessary to stick to the percentage of products to be sold abroad as clarified by the contracts for joint ventures. Before signing such contracts, careful investigation should be made so that an accurate percentage of products to be sold abroad can be fixed. Once the percentage is fixed, the foreign cooperators concerned are obliged to perform the duty of selling the products abroad and to seriously implement the regulations of the contracts on the percentage of products to be sold abroad.

Fifth, it is necessary to fully respect the managerial and operational autonomy of foreign-invested enterprises. This is a manifestation of the principle of equality and mutual benefit as well as an important factor for enlivening the management of foreign-invested enterprises. China's departments concerned and various localities began to attach importance to this problem several years ago.

Foreign-Invested Enterprises Will Have More Autonomy

Following the development of economic structural reform, state-run enterprises are carrying out the policy of separating government administration from enterprise management and delegating power to the lower levels. This has played an important role in bringing into play the vigor and initiative of these enterprises in production and business dealings. In comparison with state-run enterprises, foreign-invested enterprises have their own characteristics in terms of ownership, organizational form, financial system, and economic relationship. This being the case, they should have more autonomy in economic management. Therefore, foreign-invested enterprises can decide on the establishment of their in-house departments; the appointment and removal of cadres; the recruitment and dismissal of employees; the form and standard of wages and bonuses; the accumulation and use of bonuses; expenditures and their management; the purchase, use, and management of production materials; the arrangement of production; the sales of products; and the distribution of profits. The departments concerned should not interfere in their affairs as long as they do not violate China's laws.

Regulations on the Prices of Materials and Products

A new situation has appeared in China's management of plans and prices following the development of economic structural reform, the invigoration of the economy, and the relaxation of prices. In view of this situation, China has formulated some practical regulations on the supply and prices of materials for foreign-invested enterprises as well as on the sales and prices of their products. These regulations are mainly as follows:

- 1) The production and construction tasks of foreign-invested enterprises will be listed in a mandatory plan with the approval of the departments concerned. Planning and material departments at various levels concerned will supply materials for foreign-invested enterprises whose products are listed in state or local plans for unified distribution. The departments which arrange production and construction tasks for foreign-invested enterprises will be responsible for supplying the materials required by these enterprises for production and construction. Foreign-invested enterprises which are engaged in production and construction tasks outside state or local plans can buy materials from the market according to the supply and demand contracts signed by both sides, at state or international prices, or at prices negotiated by both sides.
- 2) The products manufactured by foreign-invested enterprises under state mandatory plans will be distributed and allocated by the state at prices fixed by the state. As for the rest of their products, they can sell them of their own accord.
- 3) Foreign-invested enterprises can fix the prices of their products which are outside government prices and can make suggestions on fixing the prices of products which are within the range of government prices. They must, however, accept the management and supervision by the pricing departments concerned.

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